

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

9
81E4p
p. 2

Volume II



EXPLANATORY NOTES

for

DEPARTMENT OF AGRICULTURE

Fiscal Year

1960

CONTENTS

	PAGES
Table of Contents	I
Agricultural Marketing Service	1
Marketing Research and Service	5
Payments to States, Territories, and Possessions	59
School Lunch Program	64
Perishable Agricultural Commodities Act Fund	76
Removal of Surplus Agricultural Commodities	82
Foreign Agricultural Service	99
Commodity Exchange Authority	156
Soil Bank Programs	168
Commodity Stabilization Service	202
Acreage Allotments and Marketing Quotas	203
Sugar Act Program	233
Federal Crop Insurance Corporation	262
Rural Electrification Administration	276
Farmers Home Administration	297
Office of the General Counsel	329
Office of the Secretary	351
Office of Information	376
Library	393
Commodity Credit Corporation	403
Special Activities:	
Reimbursement to Commodity Credit Corporation for Costs of Special Activities	507
General Provisions	523

C O N T E N T S

(Volume II)

Pages**AGRICULTURAL MARKETING SERVICE:**

Purpose Statement	1
Marketing Research and Service	5
Payments to States, Territories, and Possessions	59
School Lunch Program	64
Perishable Agricultural Commodities Act Fund	76
Removal of Surplus Agricultural Commodities	82
Statement of Obligations Under Allotments and Other Funds	96
Passenger Motor Vehicles	98

FOREIGN AGRICULTURAL SERVICE:

Purpose Statement	99
Salaries and Expenses	101
Activities Under Public Law 480 and Related Programs	133
Statement of Obligations Under Allotments and Other Funds	155

COMMODITY EXCHANGE AUTHORITY:

Purpose Statement	156
Salaries and Expenses	157

SOIL BANK PROGRAMS:

Purpose Statement	168
Conservation Reserve:	
Purpose Statement	169
Acreage Reserve:	
Purpose Statement	191

COMMODITY STABILIZATION SERVICE 202

Acreage Allotments and Marketing Quotas:	
Purpose Statement	203
Sugar Act Program:	
Purpose Statement	233
Statement of Obligations Under Allotments and Other Funds	258
Passenger Motor Vehicles	261

FEDERAL CROP INSURANCE CORPORATION:

Purpose Statement	262
Operating and Administrative Expenses	264
Statement of Obligations Under Allotments and Other Funds	275

RURAL ELECTRIFICATION ADMINISTRATION:

Purpose Statement	276
Loan Authorizations	278
Salaries and Expenses	281
Statement of Obligations Under Allotments and Other Funds	296

FARMERS HOME ADMINISTRATION:

Purpose Statement	297
Loan Authorizations	299
Salaries and Expenses	303
Disaster Loans, etc., Revolving Fund, Department of Agriculture	320
Farm Tenant-Mortgage Insurance Fund	324
Statement of Obligations Under Allotments and Other Funds	326
Passenger Motor Vehicles	328

OFFICE OF THE GENERAL COUNSEL:

Purpose Statement	329
Salaries and Expenses	330
Statement of Obligations Under Allotments and Other Funds	350

OFFICE OF THE SECRETARY:

Purpose Statement	351
Salaries and Expenses	353
Working Capital Fund, Department of Agriculture	373
Statement of Obligations Under Allotments and Other Funds	374
Passenger Motor Vehicles	375

OFFICE OF INFORMATION:

Purpose Statement	376
Salaries and Expenses	377
Statement of Obligations Under Allotments and Other Funds	392

LIBRARY, DEPARTMENT OF AGRICULTURE:

Purpose Statement	393
Salaries and Expenses	394
Statement of Obligations Under Allotments and Other Funds	402

COMMODITY CREDIT CORPORATION:

Purpose Statement	403
Restoration of Capital Impairment	487
Administrative Expenses	489
National Wool Act:	
Purpose Statement	496

SPECIAL ACTIVITIES:

Reimbursement to Commodity Credit Corporation for Costs of Special Activities:	
Purpose Statement	507

GENERAL PROVISIONS	523
--------------------------	-----

AGRICULTURAL MARKETING SERVICE

Purpose Statement

The Agricultural Marketing Service was established by the Secretary of Agriculture on November 2, 1953 under the authority of Section 161 Revised Statutes (5 U.S.C. 22), Reorganization Plan No. 2 of 1953, and other authorities. The Service aids in advancing the orderly and efficient marketing and the effective distribution of products from the Nation's farms. The domestic marketing and distribution functions of the Department are centered in this Service. The Administrator of the Service is also responsible for the coordination of all statistical work of the Department.

The Agricultural Marketing Service carries on the following principal programs:

1. Research and Agricultural Estimates. These functions include
 - a. marketing research directed toward the development of practical answers to problems encountered in moving agricultural products from the farm to the consumer, including expanded outlets for new and established products, reduced costs, improved product quality, and improved market equipment and facilities;
 - b. analyses of the economic situation and outlook for farm products, including factors affecting price, supply, and consumption; and statistical studies on farm population, costs, prices and income in their relation to agriculture including causes for variations and trends;
 - c. crop and livestock estimates including acreages, yields, production, stocks, values and utilization of farm crops; numbers, production, value and utilization of livestock and livestock products and such related data on prices received and paid by farmers.
2. Marketing Services. These activities contribute to the efficient and orderly marketing of agricultural commodities through
 - a. Market news service which provides timely and reliable market reports on all major agricultural commodities to help farmers determine when, where, and at what price to sell their products.
 - b. Inspection, grading, classing, and standardization services to develop standards of quality and condition for agricultural commodities and to use them in providing an impartial inspection, classing, and grading service.
 - c. Freight rate service to assist in obtaining and maintaining equitable transportation rates and services on farm supplies and products.
 - d. Regulatory activities covering administration of laws aimed at protecting farmers and others from financial loss resulting from deceptive, careless, and fraudulent marketing practices.

3. Payments to States. The Service administers the matched fund program for marketing activities carried out through cooperative arrangements by State Departments of Agriculture, Bureaus of Markets, and similar State agencies.
4. School Lunch Program. Federal assistance is provided to States and Territories for use in serving nutritious midday meals to children attending schools of high school grades or under in order to improve the health and well-being of the Nation's children, and broaden the market for agricultural food commodities.
5. Removal of Surplus Agricultural Commodities and Marketing Agreements and Orders. These activities directly or indirectly tend to maintain prices received by farmers and establish and maintain orderly marketing conditions through
 - a. removing from the market surplus agricultural commodities through purchase and donation to eligible recipients, export and diversion payments, and distribution of Commodity Credit Corporation donated commodities to eligible outlets authorized under Section 416;
 - b. administration of marketing agreements and orders;
 - c. cooperation with the food trade and others to encourage greater consumption of abundant foods.
6. Research under Section 104(k) of P. L. 480. The Service reviews and appraises for technical adequacy marketing research projects beneficial to the United States which can be advantageously conducted overseas through grants and contracts with foreign research institutions and universities by means of foreign currencies available under section 104(k) of Public Law 480, the Agricultural Trade Development and Assistance Act of 1954, as amended. The expenses of the AMS in connection with this work are paid from this appropriation.

A full discussion of the marketing research activities conducted under Public Law 480 is included in these Explanatory Notes in the section entitled "Use of Foreign Currencies for the Conduct of Research Abroad under Sections 104(a) and (k) of Title I Public Law 480" under the Agricultural Research Service.
7. Work Performed for Others. The Agricultural Marketing Service also performs other services for Federal, State and private agencies, on a reimbursable or advance payment basis. These include among others the special milk program, food planning for defense emergency conditions, and administration of Section 708 of the National Wool Act of 1954 dealing with advertising and sales promotion programs.

The Agricultural Marketing Service maintains its central office in Washington, D. C., but a large part of the program is carried on through State offices for agricultural estimates, and functional field branch offices of the several Washington commodity and functional divisions located in over 225 cities and towns in the United States, Hawaii, Puerto Rico, Cuba, and Spain (an inspection office at the U. S. Naval Base, Rota, Spain).

On November 30, 1958 (excluding the offices of the Milk Marketing Administrators) there were approximately 7,825 full-time employees, distributed about 1,968 in the D. C. metropolitan area and the remainder in the field. In addition there were about 1,062 part-time and intermittent employees primarily in the field. A substantial portion of Agricultural Marketing Service employment is financed through revenue from fees, charges, or other assessments and through joint financing or other arrangements with States and private cooperators.

	Estimated Available, <u>1959</u>	Budget Estimates, <u>1960</u>
Appropriated funds:		
Marketing research and agricultural estimates	\$15,447,311	\$15,437,000
Marketing services	22,733,967	26,623,000
Payments to States, Territories and Possessions	1,160,000	1,160,000
School lunch program	<u>a/110,000,000</u>	<u>100,000,000</u>
Total (excluding permanent appropriations)	<u>149,341,278</u>	<u>143,220,000</u>

a/ In addition, the 1959 Appropriation Act provided that \$35,000,000 shall be transferred from Section 32 funds for purchase of agricultural commodities for distribution to schools participating in the national school lunch program.



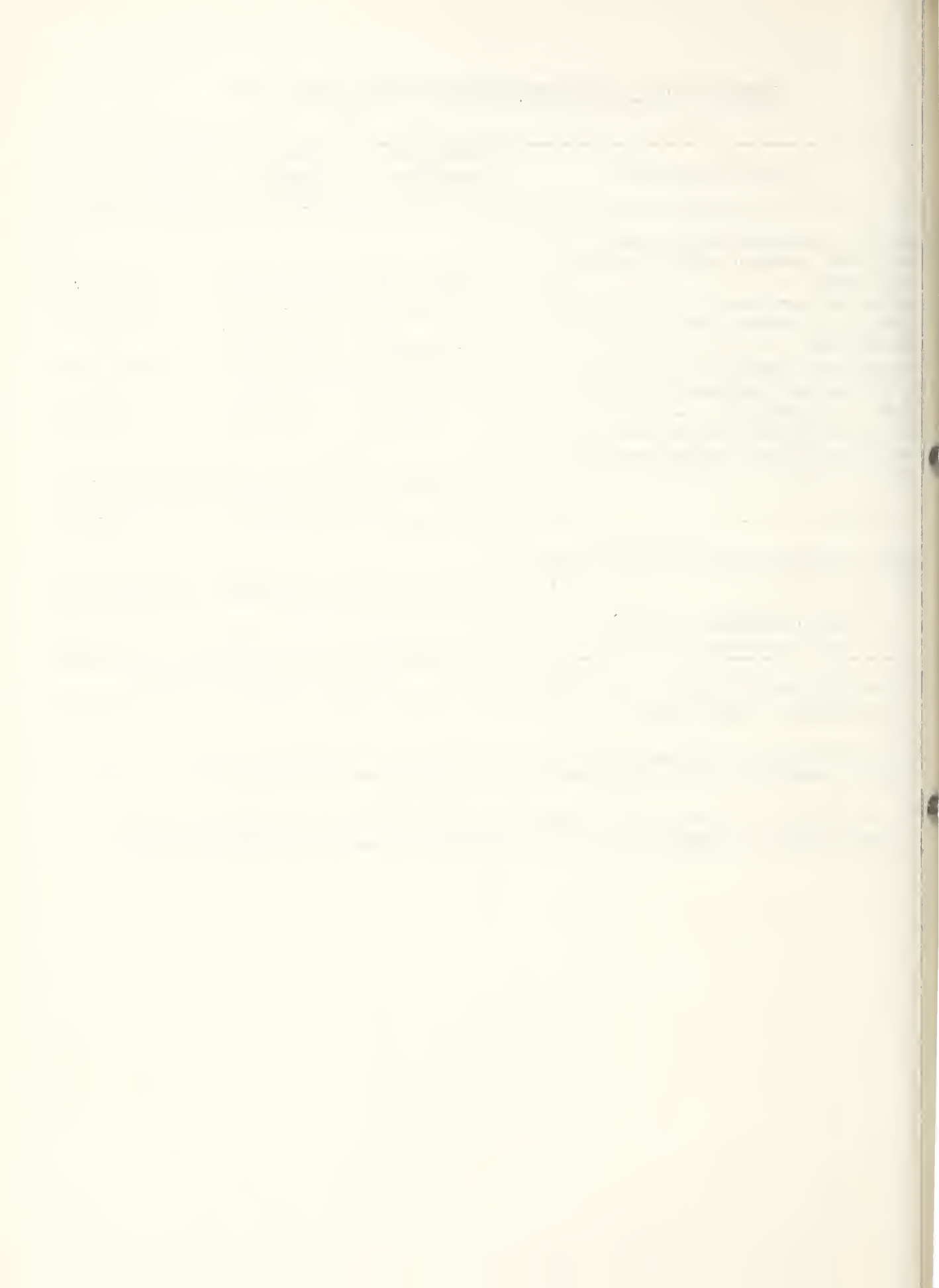
Summary of Appropriations, 1959 and Estimates, 1960

Appropriation Item	: Estimated : Available, : 1959	: Budget : Estimates, : 1960	: Increase (+) : or : Decrease (-)
Marketing research and service:	:	:	:
Marketing research and agricultural estimates	: \$15,447,311:	\$15,437,000:	-\$10,311
Marketing services	: 22,733,967:	26,623,000:	+3,889,033
Payments to States, Territories, and Possessions	: 1,160,000:	1,160,000:	- -
School Lunch Program	a/110,000,000:	100,000,000:	-10,000,000
Perishable Agricultural Commodities Act Fund (permanent b/)	: 675,000:	685,000:	+10,000
Removal of surplus agricultural com- modities (30% of customs receipts - permanent c/)	: 235,936,663:	246,000,000:	+10,063,337
Total	: 385,952,941:	339,905,000:	+3,952,059
Deduct permanent appropriations (shown in detail above)	: 236,611,663:	246,685,000:	+10,073,337
Total (excluding permanent appropriations)	: 149,341,278:	143,220,000:	-6,121,278

a/ In addition, \$35,000,000 is available by transfer from "Removal of Surplus agricultural commodities".

b/ In addition, an unobligated balance of \$394,627 is available in fiscal year 1959, and \$361,327 is estimated to be carried forward into 1960.

c/ In addition, an unobligated balance of \$300,000,000 is available in fiscal year 1959, and \$300,000,000 is estimated to be carried forward into 1960.



(a) Marketing Research and Service

	Marketing Research and Agricultural Estimates	Marketing Services	Total
Appropriation Act, 1959	\$14,195,000	\$20,659,000	\$34,854,000
Proposed Supplemental, 1959, for:			
Increased pay costs	1,082,311	1,763,967	2,846,278
Increased postage costs	a/ 170,000	a/ 311,000	a/ 481,000
Base for 1960	15,447,311	22,733,967	38,181,278
Budget Estimate, 1960	15,437,000	26,623,000	42,060,000
Increase (+) or Decrease (-)	<u>-10,311</u>	<u>+3,889,033</u>	<u>+3,878,722</u>

a/ The cost of AMS mailings was increased, effective in fiscal year 1959, by the general increase in postal rates provided by Public Law 85-426. Over 88% of AMS mailings are concentrated in two activities that could not absorb the increased costs without necessitating curtailment of important marketing work (crop and livestock estimating and the market news service). Further, the general average of 33-1/3% increases in mailing costs does not apply to AMS, where between 75% and 80% of mail is 3rd class (increased 50% for the first two ounces). To provide for the necessary increase in the 1959 appropriation, the 1960 Budget reflects an anticipated supplemental appropriation of \$481,000; for comparability with the 1960 estimate, the additional amount needed in 1959 has been included here in the base for 1960.

SUMMARY OF INCREASES AND DECREASES, 1960

Marketing research and agricultural estimates:

Decrease due to providing a direct appropriation to the General Services Administration for certain leasing costs previously paid from this appropriation	<u>-10,311</u>
---	----------------

Marketing services:

To cover higher rates on leased teletype facilities for Market News Services	+45,000
To provide service under the Poultry Products Inspection Act on a full year basis	+3,385,000
To permit more effective administration of the Packers and Stockyards Act	+493,000
Decrease due to providing a direct appropriation to the General Services Administration for certain leasing costs previously paid from this appropriation	-33,967
Subtotal	<u>+3,889,033</u>

PROJECT STATEMENT

Project	1958	1959 (estimated)	Increase or Decrease	1960 (estimated)
1. Marketing research and agricultural estimates:				
a. Marketing research:				
(1) Market development	\$864,105:	\$977,300:	- -	\$977,300
(2) Market organization and costs	2,168,357:	2,325,800:	- -	2,325,800
(3) Improving and evaluating product quality	2,576,493:	2,495,600:	- -	2,495,600
(4) Market transportation and facilities .	1,587,579:	1,661,400:	-\$400	1,661,000
Total, Marketing research	7,196,534:	7,460,100:	-400	7,459,700
b. Economic and statistical analysis:				
(1) Price, supply and consumption	860,148:	876,900:	- -	876,900
(2) Farm income	374,479:	407,400:	- -	407,400
(3) Farm population ...	335,871:	359,100:	- -	359,100
Total, Economic and statistical analysis	1,570,498:	1,643,400:	- -	1,643,400
c. Crop and livestock estimates:				
(1) Field crops	1,847,130:	2,012,400:	-3,200	2,009,200
(2) Fruits and vegetables	835,306:	908,900:	-1,400	907,500
(3) Livestock and poultry	1,385,682:	1,619,500:	-2,500	1,617,000
(4) Dairy	616,223:	668,600:	-1,000	667,600
(5) Agricultural prices	826,189:	933,800:	-1,500	932,300
(6) Enumerative surveys, cold storage, farm employment and wages	191,229:	200,611:	-311	200,300
Total, Crop and livestock estimates	5,701,759:	6,343,811:	-9,911	6,333,900
Total, Marketing research and agricultural estimates:	14,468,791:	15,447,311:	-10,311(1):	15,437,000
2. Marketing services:				
a. Market news service:				
(1) Cotton and cotton-seed	410,885:	446,400:	- -	446,400
(2) Dairy and poultry products	727,274:	945,800:	- -	945,800
(3) Fruits and vegetables	1,303,681:	1,464,600:	- -	1,464,600
(4) Grain, hay, feed, etc:	287,992:	272,000:		272,000
(5) Leased wire service	369,241:	377,700:	+45,000(2):	422,700
(6) Livestock, meats and wool	1,071,717:	1,187,697:	- -	1,187,697
(7) Naval stores	27,165:	22,900:	- -	22,900
(8) Tobacco	197,234:	216,200:	-1,000(1):	215,200
Total, Market news service:	4,395,189:	4,933,297:	+44,000	4,977,297

(Continued on next page)

Project	1958	1959 (estimated)	Increase or Decrease	1960 (estimated)
b. <u>Inspection, grading, classing and standard- ization:</u>				
(1) Cotton and cotton- seed	2,477,823:	2,571,650:	-17,067(1):	2,554,583
(2) Dairy products	151,333:	73,600:	- - :	73,600
(3) Fruits and vegetables	885,791:	753,200:	- - :	753,200
(4) Grain (U.S. Grain Standards Act)	1,852,963:	2,033,250:	- - :	2,033,250
(5) Livestock, meats and wool	488,195:	364,815:	- - :	364,815
(6) Naval stores	33,009:	30,800:	- - :	30,800
(7) Poultry products grading	302,362:	287,000:	- - :	287,000
(8) Poultry products inspection	990,769:	7,115,000:	+3,382,000(1)(3):	10,497,000
(9) Rice, hay, beans, etc.	136,712:	78,900:	- - :	78,900
(10) Tobacco	1,772,702:	1,937,755:	-12,900(1):	1,924,855
Total, Inspection, grading: classing and standard- ization	9,091,659:	15,245,970:	+3,352,033	18,598,003
c. <u>Freight rate services</u>	168,357:	190,990:	- - :	190,990
d. <u>Regulatory activities:</u>				
(1) Federal Seed Act ..	283,549:	288,100:	- - :	288,100
(2) Naval stores and to- bacco export permits	18,270:	19,600:	- - :	19,600
(3) Packers and Stock- yards Act	940,149:	1,085,315:	+493,000(4):	1,578,315
(4) Standard Container Acts	11,694:	12,600:	- - :	12,600
(5) Warehouse Act	815,003:	862,500:	- - :	862,500
(6) Perishable Agricul- tural Commodities, Produce Agency and Ex- port Apple and Pear Act	25,400:	25,400:	- - :	25,400
Total, Regulatory activities	2,094,065:	2,293,515:	+493,000	2,786,515
e. <u>Administration and co- ordination of State payments</u>	64,886:	70,195:	- - :	70,195
Total, Marketing services .	15,814,156:	22,733,967:	+3,889,033	26,623,000
Unobligated balance	221,653:	- - :	- - :	- -
Total pay act costs (P.L. 85-462)	[1,632,101]:	[3,081,095]:	[+344,000]	[3,425,095]
Total available or estimate	30,504,600:	38,181,278:	+3,878,722	42,060,000
Transferred to "Fish and Wildlife Service, Depart- ment of Interior"	+5,000:	- - :		
Transferred from "Conserva- tion reserve, soil bank programs, Agriculture" ..	-771,206:	- - :		

(Continued on next page)

Project	1958	1959 (estimated)	Increase or Decrease	1960 (estimated)
Transferred from "Reimburse-				
ment to Commodity Credit				
Corporation for advances				
for Grading and Classing				
Activities, Agricultural				
Marketing Service, 1958"	-11,427:	- -		
Transferred from "School				
Lunch Program, Agricul-				
tural Marketing Service,				
1958"	-35,367:			
Proposed supplemental due to:				
Pay increases	- -	-2,846,278:		
Postage cost increase ...	- -	-481,000:		
Total appropriation	29,691,600:	34,854,000:		

INCREASES OR DECREASES

The net increase of \$3,878,722 for "Marketing Research and Service" is composed of:

(1) A decrease of \$44,278 in the appropriation "Marketing Research and Service" due to providing a direct appropriation to the General Services Administration for certain leasing costs previously paid from this appropriation. Certain space assignment and leasing functions of the various Federal agencies were transferred to the General Services Administration under Section 1 of Reorganization Plan No. 18 of 1950. These functions are applicable only to general purpose space that may be occupied in any of 128 metropolitan areas, and include the acquiring and payment for space in buildings, the assignment and reassignment of such space, and the operation, maintenance, and custody thereof. The decrease of \$44,278 represents the cost of leasing functions which will be assumed by General Services Administration in 1960. The proposed decrease is distributed by subappropriation and activity as follows:

Marketing Research and Agricultural Estimates:

Marketing Research	\$400
Crop and Livestock Estimates	9,911
Total, Marketing Research and Agricultural	
Estimates	<u>10,311</u>

Marketing Services:

Market news on tobacco	1,000
Inspection, Grading, Classing, and	
Standardization:	
Cotton and cottonseed	17,067
Poultry products inspection	3,000
Tobacco	<u>12,900</u>
Total, Marketing Services	<u>33,967</u>

(2) An increase of \$45,000 in "Market News Service" to cover the increased cost of the leased wire contract due to an increase in rates.

Need for Increase: The American Telephone and Telegraph Company and Western Union requested and received approval by the Federal Communications Commission of an increase in rates for leased teletype facilities effective December 2, 1958. The annual cost is thus increased about 18% over the amount provided in the 1959 appropriation. It is estimated that an additional appropriation of \$45,000 would be required, on an annual basis, to maintain the current market news service. (A supplemental appropriation is being requested for 1959 to meet the increased cost in that year.)

The leased teletype system of market news service consists of about 13,000 miles of leased wire linking 128 field stations. It provides the most economical means for the required rapid transmission of the market data among the terminal markets and country shipping points where business transactions on all major agricultural commodities are consummated.

Since the increased cost of the leased wire could not be met within currently available funds, the over-all service would have to be curtailed. Several field stations would have to be closed and the reporting service discontinued from these areas. This would weaken the entire service because of the fact that interchange of information between as many stations as possible as rapidly as possible makes the reports most meaningful and most useful.

The leased wire system is the core of the service and, as such, must be maintained as a Federal responsibility. This is in accordance with the principles of financing contained in the Congressionally-approved Program for Development of the Market News Service in cooperation with the States. Each year the States, in the aggregate have been increasing their contributions under the plan. Therefore, any weakening in the fulfillment of the Federal responsibility would have an undesirable impact on Federal-State cooperative relationships.

(3) An increase of \$3,385,000 in "Inspection, Grading, Classing and Standardization" to provide service under the Poultry Products Inspection Act on a full year basis.

Need for Increase: Mandatory poultry inspection, pursuant to provisions of the Poultry Products Inspection Act, was initiated on May 1, 1958. As of June 30, 1958, a total of 206 plants were receiving inspection service under the Act. In addition, 150 plants were being inspected under the voluntary or fee service. These figures included 262 evisceration and slaughter plants.

Effective January 1, 1959, all poultry moving in interstate or foreign commerce must be inspected. In order to comply with the law, the Department is required after January 1, 1959 to inspect poultry and provide services at all eligible plants in the country including:

1. Standards for sanitation, facilities and operating practices.
2. Ante-mortem (before slaughter) inspection on a "lot" or "batch" basis.
3. Post mortem (after slaughter) inspection of the carcass of each bird during processing.

4. Quarantine, segregation, reinspection and condemnation as deemed necessary.
5. Regulations providing for specific labeling requirements, exemptions under specific provisions of the law, and imports of poultry and poultry products.
6. Assume and perform many functions previously authorized under the Federal Food, Drug and Cosmetic Act.

An appropriation of \$6,500,000 was made for 1959 to finance the estimated cost of the expanding program in that year. When the budget for this program was presented, the Department emphasized the tentative nature of the information then available upon which to base an estimate of total needs. Although more factual data are now available, it will take another year or two before definitive program and cost patterns emerge.

A plant-by-plant survey completed in late November 1958 indicated that, about 950 plants would be subject to the Act after January 1, 1959. Based upon this information, it was determined that it was impracticable at this time to provide continuous resident inspection to all plants subject to the Act. Accordingly, under revised regulations effective January 1, 1959, certain processing operations such as canning and preparing poultry dinners, poultry pies, etc., were exempted from the continuous resident inspection requirement. Through this approach, first priority on available resources will be given to slaughter and evisceration operations where the determination is made as to the fitness of the poultry for human consumption. The legislative history indicates that this was the principal intent of the law.

Of the approximately 950 plants considered subject to the Act, about 200 were exempted by the revised regulations. This exemption is effective only through June 30, 1960 and may be discontinued any time prior to that date if it is found practicable to extend service to these plants.

By January 1, 1959 the Department was providing continuous resident inspection service in 358 evisceration and slaughter plants. Action is underway to extend this service to 127 additional plants in January and February. A supplemental appropriation for 1959 will be requested to extend the service to the remaining 263 evisceration and slaughter plants. Since seventy-seven of this number are seasonal, inspection service in these plants will not be required until late in fiscal year 1959 or fiscal year 1960.

The increase for 1960 would provide funds for placing inspection service on a full year basis in all slaughter and eviscerating plants. The distribution of the budget estimate for this program in 1960 is shown in the following table.

POULTRY PRODUCTS INSPECTION PROGRAM

1960 Budget Estimate

Type of Plant	Number : : of : Plants :	Average Number : : Months of : Operation :	Total : : Plant : : Months :	Average Cost : : Per Plant : : Month :	Total : : Estimated : Cost :
viscerating:					
Year-round - full time	518	12	6,216	\$1,498	\$9,314,000
Year-round - intermittent	42	6	252	851	214,500
Seasonal - full time	145	5	725	1,073	778,100
Seasonal - intermittent	13	2.5	32	969	31,000
laughtering	30	12	360	149	53,700
Total, Eviscerating and Slaughtering ..	748	xx	7,585	1,370	10,391,300
anning and Packaging	205	xx	xx	xx	105,700 1/
Total Program	953	xx	xx	xx	10,497,000

/ Represents cost of routine spot checks to assure compliance with applicable provisions of the Poultry Products Inspection Act. Does not include any continuous resident inspection.

(4) An increase of \$493,000 to permit more effective administration of the Packers and Stockyards Act.

Need for Increase: The Act is designed to protect livestock and poultry producers and enable them to more nearly obtain the full, true market value of their livestock and poultry. It also protects members of the livestock and poultry marketing, processing, and merchandising industries from unfair competitive practices. Assurance is given to consumers that prices paid for meat, poultry, and related products will more nearly reflect the true competitive value of these products.

During recent years, the problems of livestock producers in the marketing field have multiplied under a system whereby livestock is bought for slaughter at many country points. Present livestock marketing methods, therefore, require the prompt extension of regulatory activities to all areas subject to the Packers and Stockyards Act.

Major changes in administration of the Act have resulted from the recent amendment, in Public Law 85-909 approved September 2, 1958. The size limitation of yards as a condition of eligibility under the Act is removed, thus making all livestock transactions in interstate commerce, regardless of the size of the market, subject to the jurisdiction of the Department. This includes the responsibility of preventing illegal practices and providing additional protection to livestock producers in transactions at country buying points away from posted stockyards.

Estimated Yards and Registrants subject to the Act doubled by Amendment. Based on preliminary data on file in the Department, it is estimated that there are approximately 2,400 public stockyards, (terminal and auction) in the United States, of which about 2,100 are believed to be subject to the Act as amended. Between 900 and 1,000 yards were subject to the Act under the former size limitation.

It is estimated that there will be nearly 20,000 persons or firms engaged in business as stockyard operators, registrants, packers, and poultry licensees subject to the Act. (This estimate is on the conservative side and can well run as high as 25,000.) Formerly, a total of about 10,500 persons or firms were engaged in businesses subject to the jurisdiction of the Act.

Program for posting all formerly eligible yards not yet completed. Approximately three years ago a program was initiated to expand activities to all stockyards in the United States that were found to be eligible for posting. Under this program, during fiscal 1957 and 1958, 260 additional stockyards were posted. At the close of fiscal 1958, a total of 600 stockyards were operating under the jurisdiction of the Packers and Stockyards Act. Also, at that time, there were 6,560 persons or firms registered with the Department to engage in business at posted stockyards as market agencies and dealers; 2,129 persons or firms conducting operations as meat packers under Title II of the Act; and 1,167 persons or firms operating as poultry licensees in areas designated by the Secretary under Title V of the Act.

Trade practice complaints need investigation. The Department has received a variety of complaints. Ranchers and feedlot operators, particularly in the western and mid-western areas, allege unfair practices on the part of packers, packer buyers, and country dealers. Some of the allegations include consignment slaughtering; use of packer owned or controlled feedlots to remove competition and other systems to obtain a supply of livestock and reduce the competition on the livestock owned by farmers, ranchers and feeders; adaptation of operations to the changing system of marketing and extension to country operations and to the practice of selling and buying livestock at false weights; use of price schedules and price bracket systems to control the prices paid for livestock, and apportioning of territory to eliminate competition; in the sale of meat and meat products, selling carcasses, specific cuts and other meat products at cost or below cost for the purpose of eliminating competition which directly affects the price paid for livestock.

During the past two years several steps have been taken within the resources available to increase the emphasis on investigation of packer activities in particular. Each complaint, however, requires a specific study. Although some investigations are now being made, the scope of this work needs to be expanded. Further investigations are needed to develop the facts to determine the validity of each allegation and take action that may be required to correct such practices.

Plan of Work: During 1960, the posting program would be accelerated. Assuming full cooperation of State auction associations in obtaining jurisdictional statements for use in determining eligibility under a new posting procedure, it is estimated that by the close of 1960 around 2,100 yards will be posted and under the jurisdiction of the Act. This represents an increase of about 1,000 yards over 1959. Nearly 800 of the total would be the larger yards eligible under the former size limitation. This compares with 352 posted stockyards which were subject to the provisions of the Act in 1956. The work also includes actual market supervision, the initiation of investigatory programs to uncover violations of the Act, and additional financial and weight protection to such markets. With the posting of the additional stockyards, the work would be expanded to the extent possible to the additional yards now subject under the amended Act.

The buying activities of packers and dealers at these markets would be studied and trade practice investigations which directly affect the value of livestock would be initiated. Investigations of other trade practices of packers would also be expanded. Several preliminary studies are now under way which will be expanded into investigations during 1960.

A detailed review of present regulations and procedures is being made to determine what changes are needed to simplify, streamline, and improve the method of administering the program in order to effectively carry out the intent of Congress as reflected in the amended Act. Certain procedural changes are already in effect while others are pending. The regulations are also being revised and are expected to be published early in the calendar year 1959.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (deleted matter enclosed in brackets):

Marketing research and agricultural estimates: * * * Provided further, That no part of the funds herein appropriated shall be available for any expense incident to [ascertaining, collating, or] publishing [a report stating the intention of farmers as to the acreage to be planted in cotton, or for] estimates of apple production for other than the commercial crop; * * *

The proposed change would delete the specific prohibition against cotton acreage reports based on farmers' planting intentions consistent with Public Law 85-430.

Public Law 85-430, approved May 29, 1958, authorizes the Department to provide pre-planting estimates of growers' acreage plans for cotton on the same basis as has been regularly reported in March for seventeen other important crops. Thus, cotton farmers, in making their final planting decisions for the season, would have the benefit of a systematic pre-season appraisal of total cotton planting plans in the same manner as the producers of most other major crops. Heretofore, the producers, the Department, the Congress, and others concerned with plans relating to the coming year's cotton crop have been severely handicapped because the Department could provide no official estimates or indications of probable cotton acreage before the report of July 1. The lack of a report on cotton growers' planting intentions has represented a significant void in the basic facts available to Department agencies in their pre-season planning and execution of programs affecting cotton.

STATUS OF PROGRAM

The work under this appropriation consists of research and service to improve and develop the domestic marketing and distribution of agricultural commodities. The functions are divided into two subappropriations as follows:

1. Marketing Research and Agricultural Estimates.
2. Marketing Services.

Each subappropriation is further divided into financial projects. Current activities, progress and trends are presented below on the basis of the financial projects.

MARKETING RESEARCH AND AGRICULTURAL ESTIMATES

I. Marketing Research

Current Activities:

Marketing Research is directed toward the development of expanded markets for agricultural products; investigations of market organization, costs and practices, including economic analysis of costs and margins; reduction of losses from waste and spoilage; and reduction of marketing costs through improved marketing efficiency and organization.

The research is designed to solve problems at each stage of marketing such as in assembly points, terminal or central markets, and retail markets.

Much research is conducted in cooperation with the Land-Grant colleges and other public and private agencies, and under contract. The program is thus provided with the benefit of research resources and facilities which would otherwise not be available, permitting the application of a higher degree of specialization to specific marketing problems.

In fiscal year 1958, 92 lines of work were completed or discontinued. During the same period, work was started on approximately 68 new lines of work.

To relieve the acutely congested marketing research facilities at Fresno, California and Beltsville, Maryland, AHS plans to erect or improve a building at each of these locations at a cost of not to exceed \$20,000 each under the building authorization contained in the appropriation language of the "Marketing Research and Service" item.

Selected Examples of Recent Progress:

1. Canadian success with meat-type hog marketing studied. Results to date on the phase of the meat-type hog study aimed at obtaining ideas from Canadian experience for use in developing an effective program in this country are:
 - a. About 71% of the Canadian hog carcasses graded by Department specialists during a visit to Canada would have graded U.S. No. 1 and about 26% would have graded No. 2. Thus, the Canadians seem to have practically eliminated the U.S. No. 3 (the fattest grade under U.S. standards) from their supply of market hogs.
 - b. Canadian meat packers pay price differentials between grades 2 to 3 times wider than have been thought possible in the U.S. These wider price differentials are made possible by extra defatting and boning in the processing of pork in Canada. This added processing increases the yield differences in lean meat between the different grades.
 - c. Canada now grades and prices hogs on the carcass weight basis. Nearly all of the progress in improving the quality of market hogs in Canada was made after live hog grading became compulsory.
 - d. With uniform grading, as practiced in Canada, it was concluded that greater progress could be made in improving swine in the United States in a shorter period of time than was done in Canada.
2. Instrumentation for measuring cotton fiber length improved. A significant advance was made in the fibrograph method of measuring cotton fiber length by an electronic scanning mechanism. Instruments in use now measure fiber length and length uniformity but do not provide the detailed information obtainable by the older, time-consuming array methods. By adding dial gauges, one for fiber length and one for relative number of fibers, it was possible to obtain much more accurate length and uniformity readings without sacrifice of speedy operation.
3. Malathion as a protective treatment for corn in Southeast proved effective. The protection of stored corn from insect damage is extremely difficult in the South. The development of effective and practical means of protection has been a challenging problem for several years. Tests with malathion on shelled corn have given highly promising results. An official tolerance of 8 parts per million has been established for malathion on corn and the results thus far show that this will permit treatment at a level which will provide effective protection in the Southeast.
4. Pilot cotton spinning research laboratory established. Plans were completed near the end of the fiscal year 1958 for establishment of a pilot cotton spinning research laboratory at Clemson, South Carolina with operation to begin about January 1, 1959. The new laboratory will provide for spinning, weaving and finishing of cotton on a pilot plant scale. The new plant will be closely associated with the Clemson

Textile School and with USDA's Southeastern Ginning Research and Cotton Testing Laboratories. It will be available to all USDA agencies and, to the extent capacity permits, to State experiment stations and the cotton industry for research to improve cotton quality. This new facility will answer the need for a revitalized and enlarged cotton quality evaluation program.

5. Poultry processors assisted in meeting plant requirements for poultry inspection. Compulsory inspection is effective January 1959. Operators of many poultry plants must remodel to comply with regulations. Many large plants operating under voluntary inspection were already suitably equipped. Most small plant operators, however, were not adequately equipped and did not know how Federal inspection would affect them. Four representative small plants were studied intensively. Drawings were made of the layout of these plants and photographs made of each facility. A second layout was drawn up to show suggested arrangement to meet requirements and also layout improvements to increase operating efficiency. Cost estimates of additions and alterations were included. This report has been presented orally at many meetings of trade associations, industry and Government. It has been used extensively by the USDA Poultry Inspection Service to illustrate facility and equipment requirements in small poultry processing plants and for instruction purposes in technical schools.
6. Rapid warming devised for seed potatoes. Interest in the shipment of pre-cut seed potatoes from producing to planting areas indicated that tests were needed to develop methods for rapidly warming the potatoes after loading into rail cars for shipment. These potatoes are loaded at 40° to 50°F and since healing of the cut surfaces does not progress satisfactorily at these temperatures, rapid warming is desirable. By using two 13,000 B.t.u./hr. thermostatically controlled heaters set at 60° and operating the built-in-car-fans, potatoes at all positions in these 50,000-pound loads were warmed to 50° or above within 1 day of loading and 60° or above about 3 days after loading. These findings are significant also in connection with the warming or reconditioning of potatoes for chip manufacture or the recuring of sweetpotatoes after packing.
7. Improved protection developed for woolens against insect damage by use of lindane coated fiberboard. Long-term storage tests have shown that lindane crystals at the rate of 5 grams per cubic foot will protect boxed woolens against fabric-insect damage for a minimum of 5 years. The crystals volatilize slowly and permeate the storage container with a vapor that is toxic to insects. To overcome the objection to having loose crystals in the woolens when they are removed from storage, the crystals were applied to fiberboard by means of a quick-drying glue. The Armed Forces Pest Control Board has recommended that this method of applying insecticide be adopted by the military as soon as certain additional data are available.

8. Study showed that broiler-fryer chickens have wide acceptance nationwide. General preference, taste, and ideas that they are economical and quick or easy to prepare were the major factors revealed by a cross-section of all U.S. households as influencing the use of broiler-fryer chickens. The major deterrents to increased use of broiler-fryers include a supposed lack of keeping qualities and the feeling that serving them more often would detract from the variety of meals, an impression confirmed to a degree by the fact that by far the most common method of cooking broiler-fryers is as fried chicken. Frozen broiler-fryers have not achieved wide acceptance because many homemakers are of the opinion that freezing destroys flavor. Appearance and price stimulate most impulse purchases of broiler-fryers. The study also presented industry organizations with detailed information on the use and nonuse of stewing and roasting chickens and ducks as well as homemakers' use of and opinions about frozen chicken and turkey pies and dinners.
9. Egg Market Reports Improved. Evaluation of egg pricing systems in New York and Chicago indicates that integrated marketing processes are rapidly replacing the traditional system of marketing eggs through terminal market wholesalers. This development has seriously undermined the value and accuracy of wholesale price quotations and reports on eggs. New types of price reports are required. In line with recommendations made by research personnel, the Market News Service (1) has substituted a volume-price report on eggs f.o.b. Chicago receivers for the old wholesale selling price reports issued in that market for many years; (2) is giving serious consideration to a similar change in the New York market; (3) has begun reporting prices of eggs to retailers in New York and other cities; and (4) has worked closely with researchers in the development of a new shipping point price report in the egg surplus area of Iowa and Minnesota.

In addition, the Department has developed and is now testing a new weekly report on movements of eggs from farms into trade channels in the United States, by regions, and research has been undertaken to improve and extend existing market news reports on movements of eggs into retail channels in selected cities. Although these new reports have been published for only a short time, and although some are still experimental, their reception by the egg industry has been generally enthusiastic.

10. Automatic vending increases total market for milk. Results of a milk vending machine study carried out in Martinsburg, West Virginia, for two years ending June 1957 were released in preliminary form during the 1958 fiscal year. For the period studied, sales of fluid milk through coin operated vending machines averaged about 1.5 percent of total milk sales. An analysis of all relevant factors showed that about two-thirds of these sales through milk vending machines apparently were "plus sales". The study indicated that introducing enough milk vending machines into a market area can expand the total market for milk. This is an important finding to producers as well as distributors, since fluid milk sold through vending machines brings a higher price to producers compared to milk used for manufacturing purposes.

11. Quarterly measurement and analysis of margins, costs and efficiency in distributing fluid milk and cream products for 80 selected plants published. Up-to-the-minute information in trends in marketing costs and margins for fluid milk is being obtained quarterly for approximately 80 milk plants. The data are showing the changes in market costs, and they are being analyzed in various ways to give better understanding of the factors causing the changes. One analysis has shown that prices of various goods and services used by milk distributors have risen substantially since 1952, but that increased efficiency offset a significant part of these cost increases. For example, from 1952-1957 hourly earnings of laborers who work at processing and handling milk within the plant increased 34 percent but labor costs per unit of product increased only 8-1/2 percent, indicating a 20 percent increase in efficiency. However, workers who deliver milk from the plants to retail and wholesale customers have shown little increase in quantities handled per man. Other analyses have shown the variation and range in profits of individual firms, changes in products sold, shifts among types of containers and sales outlets, "fringe" costs of labor, prices paid for milk and other important aspects of the marketing of milk.

During the past year such findings and other more general information have been published quarterly. These quarterly reports are providing the dairy industry and the public generally with the most current information about market costs and margins available for any agricultural commodity.

12. New produce display methods for retail stores developed and tested. A substantially new method of handling produce in retail stores has been further developed and tested in additional stores. The produce is handled and displayed in wire baskets and trays which reduces the amount of produce required to maintain the appearance of well filled displays; simplifies and improves the work rotation of produce on display; reduces the time required for morning set-up and evening take-down; and adds materially to the efficiency of the handling and display operation. Use of this method can result in substantial savings in manpower in the produce departments of retail food stores.

Improved methods for packaging and price marking produce in retail food stores resulted in annual savings per store ranging from \$1,000 to \$3,500 depending on the size of the operation. The savings were made possible through the use of a specially designed packaging table; improved methods for filling bags; better bagging device for potatoes, onions, oranges, grapefruit, and apples; improved methods for weighing and labeling; and better procedures for price marking the produce.

13. Fruit and vegetable bargaining cooperatives studied. An appraisal of fruit and vegetable bargaining cooperatives indicated that these associations can improve market stability. Through them, growers also acquire a greater responsibility for establishing prices that will encourage a satisfactory balance between production and consumption.

The published analysis of the techniques used by growers in developing and operating bargaining associations for negotiating price and other terms of sale with processors also provides suggestions for improved practices.

14. Pallet box handling and storage of apples shown to increase efficiency. Studies of different designs for pallet boxes used in handling and storage of apples showed that some experimental boxes permitted faster fruit-cooling than palletized standard boxes, resulting in longer storage life for the fruit. Preliminary bruising studies indicated the fruit handled in pallet boxes received fewer injuries during handling and packing than when handled in conventional standard boxes. However, for storage in excess of 6 months, the use of 24-inch deep pallet boxes needs further study and perhaps some design modification. Comparative costs covering labor, equipment, and storage containers indicate that a saving of around \$70 to \$85 per 1,000 standard box equivalents, can be realized by shifting from standard boxes to pallet boxes. For a 200,000-standard box capacity plant, annual savings should range between \$14,000 and \$17,000. These savings do not include a value for the 20 percent increase in storage space utilization made possible by shifting to pallet boxes, nor does it include a value for the increased storage life of the fruit.
15. Alternately inverted loading method for peaches in baskets found to reduce damage in transit. Research on the use of a newly developed method of loading peaches and plums shipped in veneer baskets were completed with findings that the new method reduced container damage in rail transit more than one-half. Total cost of this container damage, including damage claims and the cost of repairing damaged baskets and replacing bruised fruit, is estimated at over \$400,000 annually. Southern railroads have made a 25 percent reduction in freight rates on peaches as an incentive to shippers to use the new loading method and to meet motortruck competition. Although the rate reduction applies only within the South, railroads estimate that the new method will be used for 75 percent of the peaches shipped from that area.
16. Restaurant Acceptance of Dehydrofrozen Peas Reported. A test of dehydrofrozen peas was conducted by 100 Milwaukee restaurants to determine the acceptability of this new product developed by Western Utilization Research and Development Division, ARS. The new process, in which peas are dehydrated to about 50% of fresh weight, frozen, and packaged, results in substantial savings in freezing, packaging, transportation, storage and other marketing costs.

The Milwaukee restaurant test indicates that: (1) dehydrofrozen peas compare favorably with frozen peas in case of preparation and cooking; (2) more than half of the restaurant operators considered dehydrofrozen peas as easy to prepare as canned peas; (3) after cooking, the test product was greener and firmer than frozen peas, with more resemblance to fresh peas; and (4) the majority of restaurant operators expressed the opinion that dehydrofrozen peas surpassed other forms of peas in retaining freshness, flavor, and good appearance after being on the steam table for a considerable time.

Since the completion of the product test, dehydrofrozen peas have been approved by the Army and Air Force Menu Boards for inclusion in the menus of these services. Dehydrofrozen peas may also be acceptable for use in the processing of foods such as soups and baby foods.

II. Economic and Statistical Analysis

Current Activities:

This project covers the gathering, analysis and interpretation of information on agriculture as a whole, and for specific items including many statistical series relating to farm income, prices, population and labor, and agricultural situation reports for important crop and live-stock products. The major objective of the work is to keep farmers and others concerned with agriculture fully informed on both the present and prospective agricultural situation through regular reports and special analyses for specified commodities and geographic areas.

Selected Examples of Recent Progress:

1. Farm prices and income improved. There was a sharp upturn in farm prices and farm income in the first three quarters of 1958. Farmers' realized net income was at an annual rate of approximately 13.1 billion dollars. This was 21 percent higher than the revised estimate for the first three quarters of 1957. Cash receipts from farm marketing were 11 percent above the first three quarters of last year, with prices of farm products averaging 6 percent higher and the volume of marketings up 5 percent.

Production expenses were also higher but by less than 5 percent, not nearly enough to offset the increase in gross income. As a result, farmers' realized net income increased very substantially. Income of the farm population from all sources has been fairly stable over the last 4 years at approximately 20 billion dollars per year. This stabilization was achieved, however, because increasing incomes from nonfarm sources about offset declines in farm income.

Higher prices for livestock products, particularly meat animals but to a lesser extent poultry and eggs as well, more than compensated for the lower prices for crops. The improved returns for meat animals reflected the reduction in market supplies which resulted from the beginning of a cyclical rebuilding of herds of cattle, sheep and hogs.

2. Larger supplies of feed grains. Special attention was given to the mounting feed grain supplies in the various issues of the Feed Situation. A decline in farmers' participation in the corn acreage allotment program, expanding acreage of barley and grain sorghums and increasing per acre yield of feed grains were major factors contributing to the larger supplies. The influence of price support programs and the Soil Bank were studied and reported on in this publication.

3. Household food consumption analyzed. Ten articles describing and analyzing data from the 1955 Survey of Household Food Consumption were published in the National Food Situation during recent months. These articles analyzed and discussed the data on household food consumption in relation to geographic location, urbanization, and income. Some of the articles discussed household food consumption in major regions of the U. S., such as the West and the Northeast. Others discussed the household consumption of major food groups, such as grain products, fats and oils, vegetables, and poultry products. The articles provide detailed information on household consumption of individual food items in a readily usable form.
4. Progress in research dealing with demand and prices. In the past few years, great progress has been made in using new techniques to analyze the demand for farm products. One example during the past year has been a detailed study of prices of dairy products. This involved the statistical fitting of a number of systems of equations that permit simultaneous estimation of prices and utilization for individual dairy products. These analyses are used to measure the impact of the price support program on prices received for dairy products. Other recent examples include studies of (1) tobacco smoking in the U.S. in relation to income, (2) the demand and price structure for byproduct feeds and (3) publication of a handbook describing analytical tools for studying demand and price structures.
5. Significant events in 170 years of American agriculture charted. As a result of many requests, the chronological chart covering the history of American agriculture from 1790 to 1956 was revised and published. The chart provides a bird's-eye view of significant events in American agriculture during the past 170 years and was well received by serious students of agriculture throughout the country.
6. Improved farm income and expenditure estimates developed. Separate estimates of farm income were provided for commercial and noncommercial farms and farm families for Congressional hearings on "Policy for Commercial Agriculture." The purpose of these hearings was to distinguish between commercial and noncommercial farms, to measure the economic status of the two groups separately, and to develop ideas for policy and programs applicable specifically to commercial farming. The final report of the Subcommittee on Agricultural Policy of the Joint Economic Committee made extensive use of these estimates in its final report of findings and recommendations.
7. Farm expenditures by regions published. USDA Statistical Bulletin No. 224, "Farmers Expenditures in 1955 by Regions for Production and Farm Living -- with Tables on Off-Farm Income" was published in April 1958. This is a companion report to Volume III, Part 11, 1954 Census of Agriculture, "Farmers' Expenditures for Farm Living and Production, with Tables on Off-Farm Income in 1955." The latter provided income and expenditure data by economic class groups for the United States as a whole. The more recent report by regions summarizes expenditure data for 1955 by expenditure category for eight regions. Off-farm income of farm-operators' families is given for regions by source of income for the operator and members of his family. In addition, the report shows comparisons of the survey results with estimates derived from other sources.

8. Report on ownership of farm motor vehicles issued. A supplementary report on the 1955 expenditure survey will be issued by the end of calendar 1956 to cover data on the purchase and ownership of motor vehicles by farm-operator families in 1955, together with tables of expenditures for other farm machines. Data will be presented by type of farm and by economic class of farm with some breakdowns by regions. The report will cover ownership of automobiles, trucks, and tractors on January 1, 1956, together with expenditures for the purchase and operation of motor vehicles and machinery in 1955.
9. Farm population shows little change. The size of the farm population was announced as 20,827,000 in April 1958 on the basis of the cooperative survey conducted by the Agricultural Marketing Service and the Bureau of the Census. Because of sampling considerations, the change from the 1957 figure is not statistically significant, but indications are that the sharp decline of 1956-57 was not continued. In addition to preparation of estimates for the United States and nine geographic divisions, attention has been focused, during the year, on problems of defining farm population for census purposes. A decision was made to define farm population in the 1960 Census of Population according to the definition of a farm to be used in the Census of Agriculture. This definition includes places of 10 acres or more from which at least \$50 worth of farm products were sold and places of less than 10 acres from which at least \$250 worth were sold. The change will show a smaller farm population than the present definition.
10. Tenure trends studied. A decline in sharecroppers and the emergence of part owners as an important tenure group are two of the more significant developments noted in tenure trends since 1940, in accordance with an AIE-ARS cooperative study of tenure. Part owners now rank above full owners in average income and average size of farm. The extended period of general prosperity since the 1930's appears to be the dominant factor in the reversal of the downward trend in farm ownership which was evident from 1880 to 1930. A report on this study will be issued soon.
11. Gains shown in farm family level of living. All aspects of farm-family level of living showed substantial gains between 1954 and 1956; the level-of-living index rose from 140 to 145. Although the South still has a much lower index than the other regions, it showed the greatest gain, rising from 113 in 1954 to 119 in 1956. Possession of home facilities continued to rise. The most marked change was in the percentage of farm homes with television. In 1956, over 50 percent of farm-operator families had sets. There were substantial increases in the possession of home freezers, mechanical refrigerators, running water, telephones, and automobiles. Electricity is now in 94 percent of farm homes. The prevalence of electricity has nullified its value as a differentiator in measuring levels of living.
12. Rural Development Program progress continues. Cooperative field studies with State agricultural experiment stations in Iowa and Oklahoma on farmers and the Social Security program are in process as a part of the Rural Development Program. Additional surveys with the State experiment stations in Louisiana, Mississippi, Ohio and Utah are designed to study the effect of industrialization on nonfarm employment, farm wage rates, and occupational changes in low-income farm areas. Progress reports have been completed for the Louisiana and Mississippi studies and preparation of final reports is in process.

13. Health insurance an increasingly important item in farm families' expenditure. Data from the Survey of Farmers' Expenditures 1955 showed that 99 percent of the families had some expenditure for health care, and that farm-operator families in the aggregate spent over one billion dollars on health annually. Although the mean expenditure of all farm-operator families in 1955 was \$240, the median was \$168. Seventeen percent of all families spent less than \$50, but 11 percent spent over \$500. The mean expenditure for those families was \$828. With such extremes, it is not surprising that insurance has become an important item of total health expenditures. More than 50 percent of the families carried some kind of health insurance for one or more members of their families in 1955. Eighteen percent of the total amount spent for health care was paid for health insurance. Nevertheless, rural residents still lag behind urban people in voluntary health insurance enrollment. States with 60 percent or more urban population have 76 percent of their residents carrying hospitalization insurance; States with 60 percent or more rural population have 53 percent carrying insurance.

III. Crop and Livestock Estimates

Current Activities:

Basic statistical and economic data relating to food and agriculture are gathered, analyzed and published, including acreages, yields, production, stocks, value and utilization of farm crops; numbers, production, value and utilization of livestock and livestock products; refrigerated warehouse food stocks; and such related data as prices received and prices paid by farmers, and farm employment and wage rates. Thousands of farmers, processors, merchants and others serve as volunteer reporters and their reports are supplemented by field observations of the Department's statisticians and other data to provide the many estimates and reports issued for public information. A schedule showing the release dates for the reports issued in calendar year 1958 follows:

Selected Examples of Recent Progress:

1. Weekly weather-crop reports now cover all States. Beginning in January 1958, arrangements were completed in all States to prepare and issue weekly weather-crop bulletins during the crop growing season and, where desired locally, on a year-around basis. The responsibility for the collection of the weekly crop and livestock information is now centered in the State Statisticians' offices in all cases. This information is then combined with weekly precipitation, temperature, and other climatological data compiled by the State Weather Bureau Centers. The assembly, preparation, and distribution of the weekly report is also, in most cases, handled through the State Statistician's office. State reports may not be released before Tuesday at 12 noon EST. Monday of each week, the Weather Bureau representative wires a summary of the State report to his Washington office for the National Weather-Crop Bulletin, in the preparation of which Weather Bureau and Crop Reporting Board personnel collaborate.

CROP, LIVESTOCK AND LIVESTOCK PRODUCTS REPORTS

RELEASE DATES

RELEASE DATES 1959

RELEASE DATES 1959

DAY	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	DAY
1	Holiday	Sunday	Sunday		Total Livestock Slaughter—Meat & Lard Prod.			Saturday		Red Clover Seed	Sunday	Evaporated, Condensed & Dry Milk	1
2		Com. Broiler Prod. in 22 States	Evaporated, Condensed & Dry Milk		Saturday		Fruits, Non-Citrus—Prod., Use & Value, Part 1*	Sunday					2
3	Saturday	Canned Poultry	Canned Poultry	Canned Poultry	Sunday	Canned Poultry	Canned Poultry	Canned Poultry	Broccoli & Canned Wheatgrass Seeds; Canned Poultry	Saturday	Canned Poultry	Canned Poultry	3
4	Sunday			Saturday	Canned Poultry; Field & Seed Crops—Prod., Disposition & Value		Saturday (Holiday)	Field Seed Stocks		Sunday			4
5	Canned Poultry			Sunday			Sunday	Tree Nuts Prod., Use & Value	Saturday	Canned Poultry		Saturday	5
6						Saturday			Sunday			Sunday	6
7		Saturday	Saturday		Fruits, Non-Citrus—Prod., Use & Value, Part 1*	Sunday			Holiday	Citrus Fruits—Prod., Use & Value	Saturday		7
8		Sunday	Sunday		Cotton Production (Revisions)		Cotton Production	Saturday	Cotton Production	Cotton Production	Sunday	Cotton Production	8
9	Crop Production Farm Labor; Sheep & Lamb on Feed; Cabbage Stocks (NY); Veg.—Fresh Market; Veg.—Processing		Broiler Chickens Placed Weekly, Rev.		Saturday			Sunday		Crop Production Farm Labor; Honey Prod. & Stocks; Veg.—Fresh Market; Veg.—Processing	Cotton Production		9
10	Saturday	Crop Production Farm Labor; Veg.—Fresh Market	Crop Production Farm Labor; Veg.—Fresh Market; Veg.—Processing	Crop Production Farm Labor; Veg.—Fresh Market; Veg.—Processing	Sunday	Crop Production Farm Labor; Veg.—Fresh Market; Veg.—Processing	Crop Production Farm Labor; Veg.—Fresh Market; Veg.—Processing	Cotton Production	Crop Production Farm Labor; Veg.—Fresh Market; Veg.—Processing	Saturday	Crop Production Farm Labor; Veg.—Fresh Market; Veg.—Processing	Crop Production Farm Labor; Veg.—Fresh Market; Veg.—Processing	10
11	Sunday		Milk Production; Early Lamb Crop	Saturday	Crop Production Farm Labor; Veg.—Fresh Market; Veg.—Processing	Milk Production	Saturday	Crop Production Farm Labor; Veg.—Fresh Market; Veg.—Processing	Milk Production; Ladino, White Clover, & Alsike Clover Seeds	Sunday	Holiday	Milk Production	11
12	Milk Production		Chicken and Eggs—Layers & Rate of Lay, 1st of Mo.	Sunday	Milk Production; Early Lamb Situation		Sunday	Milk Production; Popcorn	Saturday	Milk Production	Milk Production; Lamb Feed Situation	Saturday	12
13		Livestock & Poultry Inventory, Jan. 1; Milk Production; Potato Stocks	Potato Stocks	Milk Production		Saturday	Milk Production; Hybrid Corn	Marion Ky. Bluegrass, Rescue (West. Sta.) and Ryegrass Seed	Sunday		Leopards Seed	Sunday	13
14		Saturday	Saturday			Sunday		Aust. W. Penn. Vetches, A. Oreg. Cr. Clover, Hatchery Prod.; Potato & Sweet Disp.; Cold Storage		Saturday			14
15	Potato Stocks; Onion Stocks; Cold Storage	Sunday	Sunday	Milk, Farm Prod., Disposition & Income; Cold Storage	Hatchery Prod.; Annual Naval Stores; Cold Storage	Cold Storage	Cold Storage	Saturday	Cold Storage	Cattle & Calves on Feed; Cold Storage	Sunday	Cold Storage	15
16	Fluid Milk & Cream; Veg. Seeds—Agr. & Prod.; Cattle & Calves on Feed; Hatchery Prod.; Turkey—Number; Pileed Intentions	Hatchery Prod.; Cold Storage	Hatchery Prod. (Incl. Rev. by month); Cold Storage	Veg. Seeds—Int. Agr. & Prod. Prod.; Cattle & Calves on Feed; Hatchery Prod.	Saturday	Hatchery Prod.	Mill Yarns Seeds (South. Sta.); Orchardgrass Seed; Cattle & Calves on Feed; Hatchery Prod.	Sunday	Hatchery Prod.	Fluid Milk & Cream; Hatchery Prod.; Alfalfa & Sudan-grass Seeds	Mustard Seed; Hatchery Prod.; Cold Storage	Crop Prod., Annual Summary; Hatchery Prod.; Crop Values—Seed, Av. Price & Value; Annual Sum.—Veg.—Fresh & Process.	16
17	Saturday	Fluid Milk & Cream; Turkeys & Chickens Tested	Fluid Milk & Cream; Turkeys & Chickens Tested	Fluid Milk & Cream; Turkeys & Chickens Tested; Naval Stores	Sunday	Fluid Milk & Cream; Turkeys & Chickens Tested	Fluid Milk & Cream; Ky. Bluegrass Seed; Turkeys & Chickens Tested; Naval Stores	Fluid Milk & Cream; Turkeys & Chickens Tested	Fluid Milk & Cream; Sweetclover Seed; Pig Crop; Turkeys & Chickens Tested	Saturday	Fluid Milk & Cream; Turkeys & Chickens Tested	Fluid Milk & Cream; Turkeys & Chickens Tested; Popcorn	17
18	Sunday	Naval Stores	Prospective Plantings; Naval Stores	Saturday	Turkeys & Chickens Tested; Naval Stores; Fluid Milk & Cream	Lupine Seed; Crimson Clover Seed (South. Sta.); Naval Stores	Saturday	Veg. Seed Stocks; Naval Stores; Cranberries—Ind. Prod.	Naval Stores	Sunday	Naval Stores	Winter Wheat & Rye Seedlings; Annual Summary of Seeds Incl. Rapeseed—Idaho; Naval Stores; Potato Stocks	18
19	Turkeys & Chickens Tested; Naval Stores	Calf Crop	Pig Crop	Sunday		Pig Crop	Sunday		Saturday	Turkeys & Chickens Tested; Naval Stores		Saturday	19
20		Milk Prod. on Farms & Statistics of Dairy Plant Prod.	Hop Stocks	Chicken & Eggs Prod. Disposition & Income; (Incl. Com. Broilers)		Saturday		Bentgrass, Redtop & Timothy Seeds	Sunday			Sunday	20
21	Evap. & Condensed Milk Held by Wholesale Grocers; Bermuda Grass Seed	Saturday	Saturday	Evap. & Condensed Milk Held by Wholesale Grocers		Sunday	Evap. & Condensed Milk Held by Wholesale Grocers		Hop Stocks	Evap. & Condensed Milk Held by Wholesale Grocers	Saturday		21
22	Field Seeds Supply & Disappearance	Sunday	Sunday	Veg.—Processing	Veg.—Processing	Sour Cherry Report	Veg.—Processing	Saturday			Sunday	Pig Crop	22
23	Rice Stocks; Peanut Stocks & Processing; Honey, Annual Sum.	Holiday			Saturday		Calf Crop	Sunday		Turkey Breeder—Breed Intentions; Stocks of Grain; Rice Stocks; Peanut Stocks & Processing	Apples by Varieties	Egg Prod.—Liquid, Frozen, Solids Prod.; Peanut Stocks & Processing	23
24	Saturday	Peanut Stocks & Processing	Peanut Stocks & Processing	Egg Prod.—Liquid, Frozen, Solids Prod.; Stocks of Grain; Rice Stocks; Peanut Stocks & Processing	Sunday	Peanut Stocks & Processing; Veg.—Processing	Chickens—Breeders; Egg Prod.—Liquid, Frozen, Solids Prod.; Stocks of Grain; Peanut Stocks & Processing	Peanut Stocks & Processing		Saturday			24
25	Sunday	Egg Prod.—Liquid, Frozen, Solids Prod.	Egg Prod.—Liquid, Frozen, Solids Prod.		Egg Prod.—Liquid, Frozen, Solids Prod.; Peanut Stocks & Processing	Egg Prod.—Liquid, Frozen, Solids Prod.	Saturday	Egg Prod.—Liquid, Frozen, Solids Prod.; Bermuda Grass Seed	Egg Prod.—Liquid, Frozen, Solids Prod.; Peanut Stocks & Processing	Sunday	Egg Prod.—Liquid, Frozen, Solids Prod.; Peanut Stocks & Processing	Holiday	25
26	Egg Prod.—Liquid, Frozen, Solids Prod.; Stocks of Grain	Wool Prod. & Value; Mohair Prod. & Value of Sates; Chickens & Eggs—Layers & Egg Prod., monthly rev.		Sunday			Sunday		Saturday	Egg Prod.—Liquid, Frozen, Solids Prod.	Holiday	Saturday	26
27		Agr. Prices; Com. Livestock Slaughter & Meat Prod.				Saturday	Lamb Crop; Honey—Colonies of Bees, July 1		Sunday			Sunday	27
28		Saturday	Saturday			Sunday	Agr. Prices; Turkeys—Breeders; Rice Stocks				Saturday		28
29			Sunday	Meat Animals—Farm Prod., Disposition & Income; Com. Livestock Slaughter & Meat Prod., Rev. by month	Agr. Prices; Evap., Condensed & Dry Milk; Com. Livestock Slaughter & Meat Prod.		Shorn Wool Prod.	Saturday			Sunday		29
30	Agr. Prices; Evap., Condensed & Dry Milk; Com. Livestock Slaughter & Meat Prod.; Meat Meal & Tankage		Turkeys—Farm Prod. Disposition & Income	Agr. Prices; Evap., Condensed & Dry Milk; Com. Livestock Slaughter & Meat Prod.	Saturday (Holiday)	Agr. Prices; Evap., Condensed & Dry Milk; Com. Livestock Slaughter & Meat Prod.	Meat Meal & Tankage; Soybean County Estimates (25 Sta.)	Sunday	Agr. Prices; Evap., Condensed & Dry Milk; Com. Livestock Slaughter & Meat Prod.	Agr. Prices; Evap., Condensed & Dry Milk; Com. Livestock Slaughter & Meat Prod.	Agr. Prices; Evap., Condensed & Dry Milk; Com. Livestock Slaughter & Meat Prod.	Agr. Prices; Evap., Condensed & Dry Milk; Com. Livestock Slaughter & Meat Prod.	30
31	Saturday		Agr. Prices; Evap., Condensed & Dry Milk; Com. Livestock Slaughter & Meat Prod.		Sunday		Agr. Prices; Evap., Condensed & Dry Milk; Com. Livestock Slaughter & Meat Prod.	Evap., Condensed & Dry Milk; Com. Livestock Slaughter & Meat Prod.		Saturday		Evap., Condensed & Dry Milk; Com. Livestock Slaughter & Meat Prod.	31

* Part 1 - Apricots, sweet & sour cherries, figs, nectarines, peaches, pears, persimmons, pineapples, plums, pomegranates & prunes. Part 11 - Apples, avocados, cranberries, dates, grapes & olives.

---LOCK-UP REPORTS

2. Egg production estimating program expanded. A program to improve egg production estimates by getting more complete data on the commercial flock segment of the industry, and by developing improved stratification and more precise estimating techniques, was started in 7 States -- Connecticut, Massachusetts, Indiana, Minnesota, Iowa, Georgia, and Texas. Commercial flocks are rapidly increasing in importance, and a comprehensive up-to-date measure of the number and size of flocks is needed once a year. The States in this program were selected on the basis of importance of egg production and to obtain a cross section of the problems likely to be encountered. As procedures and the program are developed and funds become available, it is expected that additional States will be included in the program.
3. "Planted" cotton acreage now reported, under amended law. The law which has heretofore required that the initial cotton acreage report in July shall show "the acreage in cultivation, July 1" was recently amended to provide that the initial report relate to the acreage actually planted, and that an estimate of acreage for harvest be issued as of August 1, instead of a month later. It became possible to effect these changes in the first reports for the 1958 crop season. An estimate of the acreage actually planted was released in the July 1958 report, also a historical series for the years 1944-57 by States. This places the cotton acreage reports on a basis comparable to all other important crops. The new series will simplify questionnaires, reporting, and work forms, and should greatly improve the serviceability of the estimates. This is the first basic change in laws relating to cotton reports in nearly 35 years.
4. Horticultural specialties program expanded to ten States. The horticultural specialties program, comprising statistics on 4 selected cut flowers and 8 classes of nursery products, was successfully expanded from the pilot stage to cover 10 of the more important States producing these commodities. These 10 States produce approximately one-half of the floral and nursery products in the United States.
5. Special freeze damage reports on Florida citrus issued. A special freeze damage survey of citrus groves was made December 26-31, 1957, to determine freeze damage to the unharvested crops following the subfreezing temperatures of December 12 and 13. Results were published in a special release of January 3, 1958. Also a special tree damage survey was made April 25-30, 1958, to determine freeze damage to citrus trees in Florida. These results were published in a special release of May 29, 1958.
6. California strawberry surveys inaugurated. Recognizing the increasing importance of strawberries in California, a program to secure more comprehensive acreage statistics and yield indications has been inaugurated in that State. The initial acreage enumeration of all growers was made in 1958 and involved obtaining acreage by age groups. These data are important because of the difference in yield levels for various ages and because such statistics provide an indication of future production trends. The work is financed in part by industry funds.

7. Pig crop reports improved. In order to make better use of the reported data on pig crops, special tabulations were made in a number of States to obtain a more precise measure of the number of hog farms. Several States made, for the first time, preliminary tabulations of State Farm Census data for use in connection with the June report. Steps were taken to speed up the date of revision of the pig crop estimates in order that the public would have information on the extent of over or underestimating before marketings for a given crop were completed.
8. Monthly milk production estimates for additional States planned. Some of the 13 States not yet making current monthly estimates of milk cows and milk production have expressed the desire to develop these series of data for their States. Preliminary discussions were held with State Statisticians, with a view toward establishing the monthly series for Delaware, Maryland, Florida, Louisiana, and Nevada.
9. Results of Farm Telephone and Electricity survey published. The 11th annual Telephone and Electricity Survey was conducted in 1957 by the use of mailed schedules to individual farmers. Results of the 1957 survey were published in two reports. The report on telephones showed that farms with dial services had increased from 55 to 61 percent of all farms with telephone service, and that the cost of local service had increased 5 percent in 1957. The report on electricity showed the average consumption per farm went up nearly 2.5 percent from 1956, while the average cost per kilowatt hour was down slightly.
10. Development of new and improved sampling techniques for crop and livestock estimating continued. The principal accomplishments in fiscal year 1958 of the program for the progressive improvement in the sampling, estimating, and forecasting methods were as follows:
 - a. Objective yield surveys. In fiscal year 1958, the objective yield survey program was extended to 3 additional States on cotton; a pioneering project on Burley tobacco was added in Kentucky; and work was continued on corn, cotton, soybeans, and wheat in all States included in the previous year's program. The scope of the work is indicated in the following table:

Objective Yield Research Surveys, F. Y. 1958

<u>Crop</u>	<u>No. of States</u>	<u>No. of Fields</u>	<u>Period of field work</u>
Wheat	9	250	May - August
Corn	23	1,400	August-November
Cotton	15	1,100	August-November
Soybeans	11	170	August-November
Tobacco	1	100	August-November
Peanuts	1	40	August-December

- b. Cotton. In the 1957 crop year, studies on objective cotton yield forecasts were continued on a sample of 1,000 cotton fields in the South and in about 100 sample fields selected for the first time in California, Arizona and New Mexico. Indications are that the forecasting techniques developed for cotton to date enable accurate predictions to be made of total fruiting potential as early as August 1. But the amount of that fruit which will go to the gin depends upon growing conditions. The effects of weather upon loss of bolls between September 1 and harvest can only be learned by observing the behavior of the plants under varying weather conditions.
- c. Peanuts. Monthly observations on the amount of fruit produced by peanut plants in 40 sample fields of Northampton County, North Carolina, were continued in the 1957 crop year. The monthly observations made during the past two seasons proved inadequate for developing a yield forecasting model for forecasting the total set pods from early-season observations. In the 1958 crop year, fruit counts are being made at weekly intervals on a smaller sample of fields to get data on the fruiting pattern needed to develop a satisfactory model.
- d. Corn. Objective plant observations were made on about 1,400 corn fields in the North Central and Southern States in the 1957 crop year. It appears that the relationship between length of ear and amount of grain produced per ear is somewhat different in the Corn Belt than in the South. Objective measures of yield from preharvest samples of corn are at a higher level than official estimates. The quality studies made in the Corn Belt agree with those obtained in the previous year, in that maturity observations as of August 1 provide accurate indications of the acreage expected to reach maturity by specific dates. Moisture content of corn as of each forecast, combined with other maturity observations, provides accurate information on the maturity status of the crop on each forecast date.
- e. Winter wheat yields. About 250 fields were sampled in a 9-State winter wheat area in the spring of 1958 from May 1 until harvest. This was the second year this area was covered by these studies. Results indicated that a May 1 stalk count provides a fairly good indication of the total number of heads to be produced, using relationships developed during the past two seasons. When large numbers of heads are produced, the heads also tend to be heavier.
- f. Soybean yields. These studies were continued during the 1957 season on a sample of about 175 fields in the producing areas of the North Central States. A forecasting model developed from earlier studies, which associates the fruit count on individual plants as of a given date with the percent of a full load as established from maturity observations, gave excellent results in forecasting the total number of mature pods produced in 1957. Weight of beans per pod seems to be associated with number of mature pods produced.

Previous relationships between the maximum number of pods on the plants and the number of mature pods ultimately available for harvest performed well in 1957. Sufficient data are not yet available to draw conclusions about the possibility of forecasting year-to-year variations in the weight of beans per pod from observations on immature plants.

- g. Fruit counts and measurements. The first phase of projects dealing with objective surveys of apples and cherries in Michigan and New York was inaugurated in June 1958. These surveys are counterparts of similar surveys that are being conducted in California and Florida. In California, work was continued on the development of objective surveys on Clingstone peaches, Bartlett pears, grapes, walnuts, and lemons; in Oregon for filberts; in Florida for oranges and grapefruit. Most of these projects are financed jointly by States, industry and AMS Federal matching funds.

MARKETING SERVICES

The activities under this subappropriation contribute to efficient and orderly marketing of products of American agriculture and aid farmers in obtaining maximum return for their production. These activities are divided into five functional categories. Examples of accomplishment, by project, during 1958 and during early 1959 are as follows:

I. Market News Service

Current Activities:

This service assists farmers in obtaining equitable returns for their products and aids in orderly marketing and prevention of waste, resulting from local surpluses, by providing timely and reliable market news on all major agricultural commodities. This is accomplished through the collection of market information at year-round and seasonal offices maintained in more than 100 cities and towns and the dissemination of this information by mail, press, radio, television, telephone, telegraph, bulletin board, and trade and farm publications. More than 1200 daily newspapers having an average circulation of 37 million--approximately 70% of the 53 million circulation of all daily newspapers--carry news based on Federal market reports. A total of about 1460 radio stations broadcast news regularly, and approximately 150 television stations carry market news reports.

Selected Examples of Recent Progress and Trends:

1. Activity, by Commodity Group, Fiscal Year 1958

Commodity Group	Field Offices	Buyers and Sellers Inter-viewed	Daily News-papers Carrying Reports	Stations Broadcasting Reports	Mimeo-graphed Releases to Growers, Shippers, and Others	On Mail-ing List
Cotton and cottonseed:						
Year-round.....	36					
Seasonal.....	5					
Total.....	41	4,264	330	349	28: 1,459,301	: 51,580
Dairy and poultry products.....	34	2,800	920	1,024	98: 10,000,000	: 58,000
Fruit and vegetables:						
Year-round.....	33					
Seasonal.....	37					
Total.....	70*	6,050	500	588	60: 10,794,000	: 82,810
Grain, feed and related products:						
Year-round.....	23					
Seasonal.....	2					
Total.....	25	2,100	840	734	64: 2,534,492	: 89,129
Livestock, meats and wool.....	46	6,500	1,070	1,351	139: 3,050,000	: 18,600
Naval stores.....	1	20	65	16	1: 85,500	: 399
Tobacco:						
Year-round.....	3	auction				
Seasonal.....	7	system				
Total.....	10		50	110	5: 920,784	: 2,128

*Includes 19 Federal-State Offices under State supervision.

2. New and improved services in 1958

- a. A seasonal Federal-State service on potatoes was operated in East Grand Forks, Minnesota from September through March to cover the Minnesota-North Dakota Red River Valley potato producing area. Half of the 1958 cost of operation was paid by Minnesota and North Dakota. (Federal funds were appropriated for this service in Fiscal Year 1956 pending availability of State matching funds.) Similarly, the Onley, Virginia office which was previously operated by the Federal Department during the active potato shipping season became a Federal-State year-round operation under cooperative agreement, the State of Virginia contributing the larger share of the cost.
- b. The increase in truck shipments of agricultural commodities and related decline in rail and boat shipments continued. This is illustrated by the fact that 574,500 cars of fruits and vegetables were shipped by rail and boat during the calendar year 1957, the smallest quantity since 1918, while truck shipments of these commodities reported for Arizona, California, Florida, and Texas during the same period totaled 256,200 carlot equivalents.
- c. More comprehensive and complete information on cotton prices was collected which aided in appraising and increasing the accuracy of quotations in the 14 designated markets and improved the reporting of prices in market news reports issued.
- d. Improvements were effected in the dairy service by consolidating certain mailing lists, by issuing weekly summary information, and by increasing the amount and kind of reports in some areas.

There has been a rapid shift away from wholesale market price reporting to other levels of trading, particularly those nearer the producer. Only a relatively short time ago wholesale prices received the majority of attention. Now only a few wholesale markets are reported while major time and emphases are placed on "Prices to Retailers," "Prices Delivered Country Assembling Plants" and "Prices to Producers". The advantage of reporting at other than wholesale levels is that it reveals values at the trading levels where far more traders are immediately affected.

- e. Rice market news service in the Southern area was improved by the weekly publication, by variety, of rough rice receipts at mills and driers.
- f. Radio outlets at Louisville, Kentucky for livestock market news were increased. Plans were formulated with the State of Kentucky for personal reporting of auction markets by State reporters under the supervision of the Federal reporter in charge in an effort to improve the auction market reports.
- g. Market news service for tobacco was extended to a new burley market at Morehead, Kentucky. Grading was on a reimbursable basis during the 1957-58 season. A referendum, held June 5-7, 1958, resulted in the designation of the market for free and mandatory inspection and market news beginning with the 1958-59 season.

3. Other new and improved services introduced in 1959

- a. A Federal-State reporting service was provided in the Arizona lettuce-producing area during the period September 2, 1958 to October 25, 1958. This was done at the direction of the Senate Appropriations Committee and within available funds.
- b. With increased funds provided in the 1959 Appropriation Act, a livestock reporting service was initiated at Clovis, New Mexico late in July 1958. Coverage includes auctions and the direct and range and feedlot sales in the New Mexico-West Texas and West Oklahoma Area.
- c. With increased funds provided in the 1959 Appropriation Act, reporting of wholesale meat trading on a carlot basis was inaugurated at Denver and Omaha early in fiscal year 1959. This service is based on carlot sales since such sales constitute the largest proportion of the wholesale trade in both cities. Early reports were confined to dressed beef on the basis that reports on this class seemed most needed. The reporting service at Denver has gradually been extended to include wholesale trade on carlot lamb as Denver is an important lamb slaughtering center. At Omaha the reports have been limited mainly to beef but it is planned to include both pork and lamb since Omaha is an important slaughtering center for these classes as well as for cattle.

4. Federal-State Cooperation

a. Federal-State Cooperative Agreements in Effect, Fiscal Year 1958
by Commodity Group

Dairy and Poultry Products	Fruits and Vegetables	Grain and Feed Products	Livestock, Meats, and Wool	Tobacco
Alabama	Alabama	Alabama	Alabama	--
--	Arizona	--	--	--
Arkansas	Arkansas	Arkansas	Arkansas	--
California	California	California	California	--
--	Colorado	--	--	--
Connecticut	Connecticut	Connecticut	Connecticut	--
Delaware	Delaware	Delaware	Delaware	--
Florida	Florida	Florida	Florida	--
Georgia	Georgia	--	Georgia	--
--	Hawaii	--	--	--
--	Idaho	--	--	--
Illinois	Illinois	Illinois	Illinois	--
Indiana	--	--	Indiana	--
Iowa	Iowa	Iowa	Iowa	--
Kentucky	Kentucky	Kentucky	Kentucky	Kentucky
Louisiana	Louisiana	Louisiana	Louisiana	--
--	Maine	--	--	--
Maryland	Maryland	Maryland	Maryland	Maryland
Michigan	Michigan	--	--	--
--	Minnesota	--	Minnesota	--
Mississippi	Mississippi	Mississippi	--	--
Nebraska	--	--	--	--
--	New Jersey	--	--	--
New York	New York	--	--	--
N. Carolina	N. Carolina	N. Carolina	N. Carolina	N. Carolina
N. Dakota	N. Dakota	--	--	--
Ohio	--	--	Ohio	--
--	Oklahoma	--	Oklahoma	--
Oregon	Oregon	Oregon	Oregon	--
Pennsylvania	Pennsylvania	Pennsylvania	Pennsylvania	--
--	Rhode Island	--	--	--
S. Carolina	S. Carolina	S. Carolina	S. Carolina	--
Tennessee	Tennessee	Tennessee	Tennessee	Tennessee
Texas	--	Texas	Texas	--
Utah	Utah	Utah	Utah	--
Virginia	Virginia	Virginia	Virginia	Virginia
Washington	Washington	Washington	Washington	--
West Virginia	West Virginia	West Virginia	West Virginia	W. Virginia
Wisconsin	--	--	--	--
Total	30	34	22	26
				6

5. Cooperative financing

a. Financing of the market news reporting service is based on 3 categories:

<u>Category</u>	<u>Significance of Marketing Data</u>	<u>To be Financed by</u>
I	National	Federal appropriation
II	Regional	Joint Federal-State funds ranging from maximum of 75% to a minimum of 25% of either Federal or State funds.
III	Local	State or local funds.

b. Progress made in State cooperation

During the year, increased State financing was obtained in nine States. As a result of negotiations and adjustments in operations, proportionate financing in accordance with the above Categories was achieved in Alabama, Arkansas, Ohio, Maine, Maryland and Virginia. By shifting program emphasis, expanding certain services at State expense, consolidating two or more offices into one, or by increased State appropriations, greater State contributions are being made in the States of Kentucky, North Carolina and Wisconsin.

6. Federal cost of service.

	: 1958	: 1959(Est.)	: 1960(Est.)
Total cost of service.....	: \$ 4,619,024	: \$ 5,124,292	: \$ 5,168,292
Less reimbursements*.....	: 223,835	: 190,995	: 190,995
Paid from appropriation.....	: 4,395,189	: 4,933,297	: 4,977,297
	: :	: :	: :

*Includes amounts reimbursed to the appropriation in accordance with cooperative agreements. Does not include amounts expended directly by States and by local groups both under cooperative agreement and outside of agreement.

II Inspection, Grading, Classing and Standardization

Current Activities:

These activities assist farmers in obtaining returns for their products commensurate with quality. This is accomplished by (1) establishing United States standards for agricultural commodities that will accurately describe their quality and condition; (2) developing the equipment and methods by which these standards may most efficiently be applied; (3) providing an impartial inspection, grading and classing service for producers, dealers and others on the basis of these standards; (4) broadening the knowledge, acceptance and use of such standards by producers, dealers, manufacturers, consumers and others through demonstrations, training courses, color charts, photographs, plaster models, preparation and loan or sale of copies of standards, etc.; and (5) administration and enforcement of regulatory and criminal provisions of statutes that require the use of official United States standards for cotton, cotton linters, and grain sold in interstate commerce and for tobacco sold at designated auction markets.

Selected Examples of Recent Progress and Trends.

1. Standardization and related activities.

United States standards provide a common language to describe quality of products being bought and sold. They must be revised and kept up to date to reflect results of new research and significant changes occurring in production, merchandising practices, and uses of the products. Visual aids are an important part of this work to assure as much uniformity as possible in the application of the standards.

The volume of standardization and demonstration activities in 1958, by commodity group, is reflected in Table I.

a. Adequacy of Universal Cotton Standards Studied

A preliminary study made in 1958 will be useful in responding to a request of the House Appropriations Committee that a study be made in 1959 of the adequacy of the present Universal Cotton Standards. At the end of the ginning season each classing office selected samples considered most typical of each grade and sent them to Washington for color readings and thorough study. The most typical samples from each broad area of production were then selected and assembled into the same type of container used for the standards. A small working group representing cotton producers, shippers, and spinners examined these boxes of samples in a meeting held at Washington on July 10, 1958 and agreed that certain classing and standards problems existed due to changing technology in harvesting, ginning, etc. However, it was the consensus of the group that the present Universal Standards would be adequate for classification in the 1958-59 season and that a similar study should be conducted in fiscal year 1959.

TABLE I

Volume of Standardization and Demonstration Activities, by Commodity Group, Fiscal Year 1958

Type of Activity	Cotton and Cotton- seed	Dairy Prod- ucts	Fruits and Vege- tables	Grain, Hay, Feed, Seed, etc.	Livestock Meats and Wool	Poultry Prod- ucts	Tobacco and Naval Stores
Standardization Activities:							
Grade standards in effect June 30, 1958.....	110	7	287	20	21	9	a/ 925
Number of commodities covered.....	3	7	218	20	22	3	b/ 3
New standards issued in fiscal year 1958.....	-	1	10	-	-	-	-
Standards revised in fiscal year 1958.....	19	1	20	-	-	1	140
New standards in process June 30, 1958.....	-	1	6	-	2	2	-
Standards being revised as of June 30, 1958..	-	2	7	-	3	-	-
Requests pending for new standards.....	-	5	16	-	1	-	-
Requests pending for revision of standards..	4	2	26	2	-	2	50
Demonstration Activities:							
Farm demonstration.....Number.....	12	-	43	-	-	-	1,053
Attendance.....	25	-	4,350	-	-	-	14,419
Farmer meetings.....Number.....	72	6	-	25	12	-	218
Attendance.....	9,757	700	-	1,500	1,475	-	3,143
Farm visits.....Number.....	1,862	-	-	-	-	-	170
Attendance.....	2,762	-	-	-	-	-	336
School demonstrations.....Number.....	235	31	10	25	-	2	1,775
Attendance.....	5,122	510	150	1,500	-	250	41,740
Short courses at Agricultural Colleges.....Number.....	4	10	-	-	6	-	30
Attendance.....	50	706	-	-	950	-	490
Other demonstrations.....Number.....	2,580	-	-	-	120	16	9
Attendance.....	c/	-	-	-	c/	39,500	c/
Grading and training schools.....Number.....	-	-	-	-	-	-	17
Attendance.....	-	-	3,592	-	-	-	386
Packing houses, processing plants visited and industry members interviewed.....	-	-	123	-	-	-	-
	-	-	273	-	-	-	-
Other meetings.....Number.....	953	45	915	-	103	-	-
Attendance.....	7,256	4,440	45,967	-	15,050	-	-
Fairs, field days and classing contests.....Number.....	19	-	-	-	-	-	47
Attendance.....	1,005,715	-	-	-	-	-	d/
Distributed--							
Copies of standards.....	23,137	10,000	168,300	17,000	14,000	19,000	3,103
Farmer bulletins, leaflets, etc.....	4,005	1,000	525	3,000	-	102,760	139,031
Visual Aids:							
Prepared--							
Plaster and wax models.....	-	-	436	-	-	-	-
Color photographs.....	-	-	5,839	-	-	-	-
Other.....	-	-	646	-	-	-	-
Distributed or displayed							
Plaster and wax models.....	-	-	379	-	-	-	-
Color photographs, charts and guides.....	-	-	862	3,000	11,000	63,635	-
Black and white photographs.....	-	-	13	-	-	71	-
Slides and film strips.....	-	-	7,245	-	97	1,463	-
Type samples and physical forms.....	-	-	100	-	-	-	-
Exhibits and other displays.....	202	-	-	-	-	2	-
Television films.....	1	-	-	-	-	-	-
Cotton sample sets for schools.....	39	-	-	-	-	-	-

AGRI-WASH

a/ Reduction in number attributable to a change in method of tabulation.

b/ Includes turpentine, rosin and 24 types of tobacco.

c/ Includes radio and television appearances and attendance cannot be estimated.

d/ Not available.

1. Continued:

b. International Cotton Calibration Standards Program

This program, administered by the Department, is under the policy guidance of an international committee established under the American Society for Testing Materials. The Committee is composed of representatives of the cotton trade and other organizations sponsoring the program jointly with the Department. The purpose of the program is to maintain a standard level of cotton fiber testing results. The need for such a program arose from the rapidly increasing use of fiber testing in connection with the marketing and processing of cotton. Excellent progress was made in this program during 1958. A total of 567 standards were distributed to laboratories throughout the United States and many foreign countries. About 100 additional laboratories purchased calibration cotton during 1958, making a total of 248 laboratories now participating in the program.

c. Dairy Products Standards Revised

Revision of the quality standards for nonfat dry milk was completed during the past year and the new standards became effective July 1, 1958. Data were collected and analyzed in the continuing effort to improve the quality of dairy products. These include information on: (1) direct microscopic clump count as a quality measure of nonfat dry milk; and (2) characteristics responsible for lowering grades of butter and cheese. Results of studies were made available to research groups in industry and in colleges for application and further study.

d. Standards for Christmas Trees Issued

During the year new standards were issued for Christmas trees, Florida avocados and cranberries for processing. Probably no other fresh products standard has created as much interest as that shown for Christmas trees. Nearly 25,000 copies have been distributed compared with 2,500 to 3,000 that would normally be expected for such a new standard. This interest apparently is due in large measure to the illustrations of grade factors included in the standard.

e. Visual Aids for Inspectors of Fruits and Vegetables Improved

Initial distribution was made during the year of slide viewers and sets of slides illustrating grade interpretations for fresh fruits and vegetables. There were 89 slides to a set at the close of the year with a considerable number of additional slides in process. Increased emphasis was placed on including illustrations of grade interpretation with the standards for the benefit of both inspectors and industry members. The standards for Christmas trees, celery and potatoes, for example, included from 8 to 12 pages of illustrative line drawings and photographs.

e. Continued

A new series of material to assist inspectors of processed fruits and vegetables was developed, called "Inspection Aids". This material is available to the industry as well as inspectors and ~~is designed~~ to provide more uniform ratings of score points allocated to the quality requirements in the grade standards. The inspection aids developed during the fiscal year covered Canned Red Sour Pitted Cherries, Canned Peaches, Canned Corn, and Area Measurements and Sampling Procedures.

f. Effects of New Wheat Standards Studied

The wheat standards were revised effective June 15, 1957. Data were collected during 1958 to determine the impact of these changes on the grading of the crop. The claims previously made that the changes in the standards would adversely affect the price of wheat were not substantiated. During the period when futures trading in the Chicago market was on the basis of both old and revised standards, wheat sold under the new standards brought prices averaging more than a half cent a bushel higher than those for wheat graded under the old standards.

g. New Meat Grading System Under Development

The present grades for carcass beef and a suggested system of grading involving separate identification of both quality and expected yields of trimmed cuts were discussed with the Grading Committee of the American National Cattlemen's Association. The group endorsed the principle of the suggested system and urged the Department to proceed with development of a proposal for further industry consideration. Methods for estimating yields of cuts were developed on the basis of previously completed analyses of measurement and yield data. The grading plan was discussed with numerous packers and retailers and with their cooperation a total of 158 beef carcasses in the Prime, Choice, Good, and Standard grades were selected representing specific yield groups and cut to obtain yield information. Further testing and development of this dual identification system is planned.

h. Egg Quality Certification Devised

A program of egg quality certification was developed during 1958. This resulted from a study conducted in various commercial egg producing areas of the country. The program had been criticized because determination of quality was on the basis of subjective measurements, which users of the service felt did not accurately reflect quality of eggs. A bulletin "Equipment and Methods for Measuring Egg Quality", was developed to instruct egg graders in the use of a micrometer for measuring albumen heights and methods of selecting egg samples.

i. Tobacco Standards Amended

The standards for flue-cured tobacco types 11 - 14 were amended to stress importance of maturity in the grades of these types. It was necessary to add several grades, and change some definitions and specifications. Several grades were eliminated due to insufficient volume appearing on the markets.

j. Wool Standardization Work Expanded in 1959

With increased funds appropriated for this purpose, work has begun on the application and field testing of wool standards as an aid in marketing wool by description. Through demonstrations held in commercial warehouses, producers, warehousemen and others receive immediate scientific evaluations of quality characteristics previously available only from detailed laboratory results. Up to November 13, 1958 the work had been carried on in 10 warehouses in 8 States with member associations affiliated with the National Wool Marketing Corporation with locations at Stockton, California; Salt Lake City, Utah; Rawlins, Wyoming; Cheyenne, Wyoming; Denver, Colorado; Minneapolis, Minnesota; Indianapolis, Indiana; Columbus, Ohio; Milwaukee, Wisconsin; and Boston, Massachusetts. Portable wool testing laboratory equipment was set up and over 1,018,000 pounds of wool tested. Proposed wool standard specifications for fineness and suggested staple length classes are used as guides for uniform interpretation of test results. Due to the recent initiation of the work no conclusions have yet been drawn. However, management and growers have shown keen interest and have cooperated fully in this work.

Work has been undertaken, also, in cooperation with the U. S. Tariff Commission pursuant to the Senate Finance Committee Resolution adopted April 28, 1958. The Tariff Commission has been directed to institute an investigation into the grades and qualities of wool imported into the U. S. for use in the manufacture of carpets and paper-makers' felts and of domestic wools similar in grade and character. The principal responsibility of the AMS in this investigation is to analyze (1) the present methods of grading and sampling imported wools and (2) any alternative methods of grading and/or sampling as the Tariff Commission's study may develop. The work consists of assisting in the collection of samples and analyzing these samples for fibre fineness distribution and for heterotypical fibres. During the two-month period September 15 to November 15, about 1/2 of the 300 samples required had been collected from warehouses and ports of entry in the East coast section of the U. S. The samples are being tested at the AMS wool laboratory at Denver, Colorado.

2. Inspection, grading and classing activities

a. Volume of Cotton Classings Continues High

The volume of cotton classings by Federal classers in 1958 was the second largest on record -- 19.7 million bales exceeded only by the 21.2 million bales classed in 1957. Of the total classed, 9.5 million samples or about 87% of total United States ginnings were classed for 540,163 farmer members of cotton improvement groups organized under the Smith-Doxey Act. This is the highest proportion of the crop classed under Smith-Doxey since the program began in the 1938-39 season. The public classing service, performed on a fee basis under the Cotton Standards Act, was 9.8 million bales, a record high for this service. Approximately 8.7 million of this total was for settlement purposes for cotton purchased under the CCC Cotton Export Programs and reflects the large amount of cotton going into this program.

2. Continued:

b. Volume of Dairy Products Inspected Exceeds Prior Year

The volume of dairy products inspected and graded in 1958 was 3,442 million pounds, an increase of 6.9% over 1957. This total comprised 1,962 million pounds graded for commercial firms, 657 million pounds graded for Federal agencies, 823 million pounds of dairy products repackaged or processed from CCC stocks for distribution to School Lunch and other eligible outlets. With respect to the individual dairy products, butter showed a gain of 235 million pounds, cheese a decrease of 176 million pounds, dry milk an increase of 179 million pounds, evaporated milk a decrease of 19 million pounds, and all other products an increase of 24 million pounds.

c. Dairy Processing Plant Inspection Aids Marketing

The number of dairy processing plant inspections continued to increase during 1958, from 1134 to 1522. This program, discloses deficiencies in operations of such plants and encourages action for improvement where required, thus improving the quality and stability of manufactured dairy products, resulting in more orderly marketing and greater consumer acceptance of graded dairy products.

d. Fresh Fruit and Vegetable Inspections Down

Total volume of fresh fruit and vegetable inspections during 1958 declined one percent from the record high level of the previous year. Inspections at terminal markets increased by 12% but this increase was offset by the decline at shipping points which resulted from unfavorable weather conditions.

e. Processed Fruit and Vegetable Inspections Up

The volume of processed fruits and vegetables inspected during 1958 continued to increase. About 1/2 of the total amount inspected is under continuous inspection. There was an increase of 7% for canned products 4% for frozen and a slight increase for dried products, the latter due to the initiation of continuous inspection on low-moisture fruits.

f. Work on Fishery Products Transferred to Interior

Effective July 1, 1958, the Fish and Wildlife Service, Department of Interior assumed responsibility for standardization and continuous inspection on fishery products and for lot inspection of these products in the New England, Florida and Gulf coast areas. Under agreement with the Fish and Wildlife Service, the Department of Agriculture will continue to handle lot inspection of fishery products at points other than those specified. Transfer of functions to the Interior Department was in accordance with the Fish and Wildlife Act of 1956.

2. Continued

g. Grain Appeal Inspections Decrease

Appeal inspections on grain totaled 74,274 compared with 91,238 the previous year. Reduction is attributed to (1) soybean shippers in the mid South discontinuing their practice of calling appeals on carlots enroute to ports (The improved port handling facilities at gulf inspection points were largely responsible for this change.); (2) Depletion of low-quality wheat stocks at Ft. Worth, Texas and St. Joseph, Missouri which had been sold on the basis of Federal appeal; and (3) reduction in appeals at Minneapolis and Duluth, Minnesota on CSS flaxseed deliveries.

h. Grain Standards Act Amended

An amendment to the Act which requires appellants to reimburse the Department for overtime costs of handling appeals on grain was enacted (P.L. 85-509). Administrative instructions outlining procedures to be followed under the legislation were published in the Federal Register September 12, 1958 and made effective September 29, 1958.

i. Compulsory Poultry Inspection Extended to Additional Plants

As of June 30, 1958, inspection of poultry and poultry products was being provided to 356 plants, an increase of 32 over 1957. Of this total, 206 were operating under the Poultry Products Inspection Act while 150 plants were under the voluntary program. As of June 30, 1958 there were 321 applications for inspection service on file in varying stages of consideration for approval. Beginning January 1, 1959 (the statutory effective date of the Act) emphasis will be given to slaughtering and evisceration operations. Revised regulations have been issued which exempt from continuous resident inspection certain "further" processing operations. Such exemption was deemed necessary since it is impracticable, for the present, to provide resident inspection of all poultry processing operations and thus exemption of these operations will aid in the effective administration of the Act. Exempted processors may obtain inspection if desired, by paying for the service under the voluntary inspection program.

Regulations Promulgated under Poultry Products Inspection Act

New regulations were promulgated to implement the Poultry Products Inspection Act, approved August 28, 1957. Tentative regulations were drafted and thoroughly reviewed at a series of 14 meetings held in various areas of the country with approximately 800 interested persons in attendance. Following consideration of the comments and views gathered at these meetings and by correspondence, proposed regulations were drafted and published in the Federal Register of November 22, 1957 for formal consideration by interested persons. Written views, data, and arguments received were carefully considered and the few controversial issues were resolved. The "Regulations Governing the Inspection of Poultry and Poultry Products" were published in final form and made effective on May 1, 1958, when inspection under the Poultry Products Inspection Act was inaugurated.

2. Continued

Additional tentative regulations have been drafted to cover provisions to be in effect on January 1, 1959. These cover the shipment of products in commerce, record keeping, exemptions and imports. Informal area meetings were held during August 1958 to obtain the views and suggestions of persons affected by the additional regulations. All comments and views of interested persons were considered and used in developing the regulations.

Two publications were issued in connection with the compulsory poultry inspection service. These were: (1) AMS-208, "Questions and Answers on the Poultry Products Inspection Act" issued in September 1957 which contained tentative answers to major questions pending issuance of the official regulations; and (2) AMS-219, "Information for Applicants for Poultry Inspection", issued in January, 1958, a 16-page pamphlet explaining how to obtain poultry inspection service under the Act and discussing requirements for building construction and facilities.

j. Provisions of Poultry Products Inspection Act

Mandatory inspection is required effective January 1, 1959, except as exemptions are made by the Secretary. However, after July 1, 1960, no exemptions of poultry moving in interstate commerce will be permitted. The Act charges the Secretary with providing inspection and the activities incident thereto in the following particulars:

- (1) Ante-mortem (before slaughter) inspection. (Existing regulations provide for this inspection on a "lot" or "batch" basis as distinguished from an "individual bird" basis.)
- (2) Post-mortem (after slaughter) inspection of the carcass of each bird during processing.
- (3) Quarantine, segregation, and reinspection as deemed necessary.
- (4) Condemnation of unwholesome or adulterated carcasses and supervision of the disposition of such carcasses.
- (5) Refusal to render inspection to any establishment whose premises, facilities, or equipment or the operation thereof are not in accordance with standards for sanitation, facilities and operating practices as prescribed by the Secretary. (This is an obligation for "sanitary inspection".
- (6) Regulation of specific labeling requirements in poultry and poultry products.
- (7) Provide regulations for exemptions under specific provisions of the law.

2. Continued

- (8) Import regulations for poultry and poultry products.
- (9) Inspection of all the poultry or poultry products processed in an official establishment.
- (10) The jurisdiction of the Secretary within the scope of the Poultry Products Inspection Act is exclusive, obligating the Secretary of Agriculture to carry many functions previously authorized under the Federal Food, Drug and Cosmetic Act.

Table II - Poultry

Volume of Inspection under the
Poultry Products Inspection Act
Approved August 28, 1957

Commodity	Fiscal Year		
	1958	1959(Est.)	1960(Est.)
Poultry (pounds).....	95,000,000	2,750,000,000	4,000,000,000
Poultry certified for			
canning (pounds).....	20,000,000	85,000,000	-

See Table III for volume of poultry products inspected under voluntary program.

k. Commodities Inspected and Graded

Table III shows the volume of commodities inspected and graded in 1958 and estimated for 1959 and 1960 under authority of the Agricultural Marketing Act of 1946 and other legislation which provide that the Secretary may charge a fee to cover the cost of the service.

Table III-Commodities Inspected and Graded on a Fee Basis,
Fiscal Years 1958 - 1960
By Commodity Group

Commodity Group	Unit	1958 a/	1959(Est.)	1960(Est.)
<u>Fresh fruits and vegetables</u>	car or			
At receiving markets.....	carlot	102,788:	102,500:	103,000
At shipping points.....	equiva-	1,295,222:	1,320,000:	1,330,000
Total carlots.....	lent	1,398,010:	1,422,500:	1,433,000
<u>Processed fruits and veg.:</u>				
Canned products.....	case.....	152,100,000:	130,000,000:	130,000,000
Frozen, dried, and misc.	pound....	2,809,700,000:	2,955,000,000:	3,050,000,000
<u>Dairy products:</u>				
Butter, cheese, dry skim				
milk, evaporated milk,				
miscell. products.....	pound....	3,441,996,981:	2,780,000,000:	2,780,000,000
<u>Poultry products graded:</u>				
Shell eggs.....	case.....	28,849,000:	30,000,000:	30,000,000
Processed eggs.....	pound....	361,339,000:	364,000,000:	364,000,000
Poultry, including rabbits:	pound....	1,480,500,000:	1,513,415,000:	1,513,415,000
<u>Poultry products inspected b/</u>				
Poultry, including rabbits:	pound....	1,637,522,000:	500,000,000:	100,000,000
Poultry certified for				
canning.....	pound....	226,000,000:	190,000,000:	285,000,000
<u>Grain and related products:</u>				
Rice, beans and peas.....	100# bag.	52,485,620:	57,500,000:	58,000,000
Hay.....	ton	27,756:	50,000:	50,000
Hops.....	bale.....	220,956:	225,000:	225,000
Seed verification and				
reverification.....	pound....	72,281,099:	85,000,000:	85,000,000
Miscellaneous commodities	certifi-			
	cates			
	issued..	26,000:	30,000:	30,000
<u>Meat and meat products:</u>				
Beef.....	pound....	6,524,198,000:	6,750,000,000:	7,038,000,000
Veal and calf.....	pound....	230,619,000:	228,800,000:	266,000,000
Lamb and mutton.....	pound....	253,951,000:	259,000,000:	260,000,000
Miscellaneous.....	pound	139,154,000:	200,000,000:	200,000,000
Total, meat and meat				
products.....	pound	7,147,922,000:	7,437,800,000:	7,764,000,000
<u>Cotton (Foreign cotton).....</u>	classifi-			
	cation..	911:	1,000:	1,000
<u>Cottonseed.....</u>	certifi-			
	cates			
	issued..	74,038:	75,000:	80,000
<u>Cotton fiber.....</u>	test made:	12,303:	12,000:	12,000
<u>Naval Stores:</u>				
Rosin.....	drum			
	equiva-			
	lent....	279,117:	286,875:	302,500
Turpentine.....	gallon			
	equiva-			
	lent....	4,373,716:	5,375,000:	5,375,000

a/ Partially estimated. b/ See Table II for volume of inspection under "Poultry Products Inspection Act."

k. Continued:

Tables IV, V, and VI show volume of inspection, grading, and classing activities in main commodity fields performed pursuant to legislation other than the Agricultural Marketing Act of 1946.

Table IV-Cotton and Cotton Linters Classifications

Fiscal Years 1958 - 1960			
Legislative Authority	Number of Classifications Made		
	1958	1959(Est.)	1960(Est.)
Cotton Classifications by:	:	:	:
<u>Federal Employees</u>	:	:	:
Statistics and Estimates Act.....	187,851:	160,000:	160,000
Smith-Doxey Amendment.....	9,484,929:	9,500,000:	9,500,000
Cotton Standards Act:	:	:	:
Public Classing Service.....	9,795,361:	7,500,000:	7,500,000
International Cooperation	:	:	:
Administration (reimb.).....	28,564:	40,000:	40,000
Federal Penitentiary (reimb.)....	44,466:	40,000:	40,000
C.C.C. Loan (reimb.).....	44,300:	40,000:	40,000
Other.....	25,232:	20,000:	20,000
Cotton Futures Act.....	113,452:	200,000:	200,000
Subtotal (Federal Employees).....	19,724,155:	17,500,000:	17,500,000
<u>Licensed Classers (under Federal supervision)</u>	:	:	:
Cotton Standards Act (Includes bale classifications and samples classed in sorting cotton into lots by grade and staple).....	12,138:	12,000:	12,000
Total, Cotton Classifications.....	19,736,293:	17,512,000:	17,512,000
Cotton fiber tests made.....	105,460:	105,000:	105,000
Micronaire determinations for futures cotton.....	51,733:	60,000:	75,000
Cotton Linters Classifications by:	:	:	:
<u>Federal Employees</u>	:	:	:
Cotton Standards Act	2,331:	2,500:	3,000
Other (cooperating mills and grade survey).....	14,710:	14,000:	17,000
Subtotal (by Federal employees)...	17,041:	16,500:	20,000
Licensed Classers.....	3,581:	4,000:	4,500
Total, Cotton Linters Classifications.....	20,622:	20,500:	24,500

Table V
Volume of Grain Inspection (by Licensed Inspectors Federally Supervised) and
Appeal Activities (by Federal Inspectors) under the U.S. Grain
Standards Act 1/

Activity	F i s c a l Y e a r			
	1941	1958	1959 (Est.)	1960 (Est.)
<u>Inspection Services:</u>				
Quantity of grain produced				
crop year (1,000 bu.):	5,456,682	7,188,089	7,375,000	7,375,000
Number of inspection points.....	178	323	330	340
Number of licensed inspectors.....	414	626	635	640
Quantity of grain inspected (1,000 bu.)	1,944,430	5,716,975	5,800,000	5,800,000
Total number of inspections.....	1,268,121	3,042,362	3,100,000	3,200,000
Inspections supervised by Federal supervisors (excludes appeals).....	134,621	130,918	135,000	135,000
Percent of inspections supervised (includes appeals).....	15.1	6.8	7.0	7.0
<u>Appeal Services:</u>				
Number of district offices.....	37	35	35	35
Number of sub-offices	6	12	13	13
Number of appeals referred.....	not available	75,774	81,500	81,500
Number of appeals denied or cancelled....	none	1,500	1,500	1,500
Number of appeals decided.....	45,894	74,274	80,000	80,000
Original grade sustained (percent).....	67.5	71	75	75
Original grade changed (percent).....	32.5	29	25	25
Number of appeals carried to appeal boards.....	638	721	700	700
Supervisor's grade sustained (percent)	79.0	78.0	85.0	85.0
Supervisor's grade changed (percent)	21.0	22.0	15.0	15.0
Overtime and related costs.....	none	\$46,366	\$50,000	\$50,000
Total number of certificates issued.....	1,325,667	3,117,357	3,200,000	3,300,000

1/ Users of this service pay a fee to the licensed inspector. No Federal fee charged except in the case of appeal inspections when licensees' grades are changed.

Table VI - Tobacco

Number of Auction Markets and Volume of Tobacco Inspected under the Tobacco Inspection Act

Item	Fiscal Year			
	1958	1959(Est.)	1960(Est.)	
Number of markets.....	177	177	177	
Number of designated markets.....	176	177	177	
Number of markets inspected.....	177	177	177	
Number of sets of buyers.....	241	241	241	
Volume inspected at auction markets (million lbs.).....	1,716	1,850	1,900	
Percent of total volume sold at auction:	100	100	100	

Volume of Tobacco Inspected, by Class - Fiscal Year 1958

Class of Tobacco	Number of Auction Markets	Sets of Designated	Quantity Sold	Quantity Inspected	% Inspected
<u>Auction Markets:</u>					
Flue-cured.....	94	94	147	1,087,446	100
Fire-cured.....	8	8	12	48,607	100
Dark air-cured.....	10	10	6	22,942	100
Burley.....	60	61	71	519,701	100
Maryland.....	4	4	5	37,654	100
Total.....	176	177	241	1,716,350	100
<u>Cooperative Marketing Associations</u>	(Auction types.....)			147,989	
	(non-auction types.....)			14,278	
Grand total.....				1,878,617	

1. Estimated percentage of crop marketed under Federal grades is as follows:

Commodity or Commodity Group	Fiscal Year	
	1958	1959(Est.)
Cotton.....	88	90
Cotton linters.....	5	5
Cottonseed.....	65	65
Dairy products		
Butter.....	51	51
Cheese.....	23	23
Dry milk.....	57	57
Fresh fruits and vegetables.....	85	85
Canned fruits and vegetables.....	60	60
Frozen fruits and vegetables.....	80	80
Grain products		
Beans.....	33	45
Grain.....	100 a/	100 a/
Hay.....	0.2	0.5
Hops.....	98	98
Peas.....	38	45
Rice.....	60	65
Seed verification and reverification.....	34	40
Meat		
Beef.....	49	50
Veal and calf.....	18	18
Lamb, yearling and mutton	37	37
Poultry inspected		
Turkeys.....	66	(Production
Poultry (other than turkeys and rabbits)....	23	(data in-
Poultry and eggs graded		(sufficient
Shell eggs.....	19	(to
Liquid eggs.....	80	(estimate
Dried eggs.....	67	(percentage
Poultry (excluding turkeys).....	18	(at
Turkeys.....	62	(this
Tobacco (sold at auction markets).....	100	(time
Rosin.....	100	(
Turpentine.....	100	100

a/ In interstate and foreign commerce.

- m. Fees and Charges Revised. Fees and charges for services rendered are revised when necessary to cover the cost of the service. The following Table VII shows the revisions for fiscal 1958 and 1959 to date.

The inspection work relating to cotton and cottonseed, grain and tobacco and the standardization activities for all commodity groups, are financed largely from the appropriation. Since May 1, 1958 poultry inspection pursuant to the Poultry Products Inspection Act is also financed from the appropriation. For other commodities, including voluntary poultry inspection, fees collected for the services are used to pay a large part of the expenses of the inspection and grading work. However, appropriated funds are used to offset, in part, the cost of the employer retirement contribution for that part of the service financed from fees.

The Agricultural Appropriation Act of 1952 authorized advances each year from the Commodity Credit Corporation, as needed, in addition to other funds available, to assure ability to perform the classing of cotton and the grading of tobacco without charge to producers. The Corporation is reimbursed through subsequent appropriations to the extent necessary for costs of classing and grading commodities not placed under commodity loan.

Certain items of revenue other than the earnings used to defray expenses are deposited to "Miscellaneous Receipts of the Treasury." The net cost of this project in 1958 to the taxpayer (Table VIII) was about \$6.1 million, or 21% of the total cost of the program. In 1959, (Table IX) the cost to the taxpayer is estimated at about \$12.9 million, or 35% of the total cost. This change results principally from the mandatory inspection of poultry under the Poultry Products Inspection Act which, in accordance with P.L. 85-172 approved August 28, 1957, is financed by Federal appropriations.

During 1958, in accordance with long standing policy of the Department to more fully recover costs of this service, a number of adjustments were made in financing. The 1959 budget reduction of \$20,800 was absorbed almost entirely within the projects on dairy products and rice as were the increased costs of grain inspectors' salaries due to revised position specifications.

A complete and exhaustive survey was made of this entire activity pursuant to Budget Bureau Bulletin 58-3 with a view to developing methods for achieving full cost recovery for services provided which are of special benefit to users. Components of the over-all service were realigned and elements of cost for which recovery is appropriate were re-defined.

III. Freight Rate Services

Current Activities:

This activity assists in obtaining and maintaining equitable transportation rates and service on farm products and farm supplies through the Department's participation in cases before the Interstate Commerce Commission and other regulatory bodies and informal negotiations with carriers and groups of carriers.

Selected Examples of Recent Progress and Trends:

1. Action Taken During 1958. During the year the Department participated in 114 actions before the Interstate Commerce Commission, Federal Maritime Board, Civil Aeronautics Board, United States Courts, and carrier bureaus and committees. These actions covered nearly all agricultural commodities and most of the important farm production supplies. Of this total 30 were completed favorably to the Department; 10 unfavorably; and 74 are still pending. The agricultural community in each of the 48 States was affected to some degree by these actions. The various agricultural commodities or rates affected by the above actions and estimates for 1959 and 1960 are shown in the following table:

Type of Action and Commodities or Rates Affected	Fiscal Year		
	1958	1959 (Est.)	1960 (Est.)
<u>Formal Litigation</u>	Number	Number	Number
Interstate Commerce Commission:	51	51	51
Federal Maritime Board.....:	1	1	1
State Utilities Commission....:	1	1	1
Civil Aeronautics Board.....:	1	1	1
U. S. Courts.....:	2	2	2
<u>Informal negotiations</u>:	58	58	58
Total.....:	114	114	114
<u>Commodities or Rates Affected:</u>			
Cotton and cottonseed.....:	9	9	9
Dairy and poultry products.....:	6	6	6
Fruits and vegetables.....:	34	34	34
Grain and grain products.....:	23	23	23
Livestock and meats.....:	10	10	10
Sugar.....:	3	3	3
Miscellaneous agricultural products.....:	1	1	1
Fertilizer and fertilizer material.....:	2	2	2
Motor carrier rates - General....:	9	9	9
Rail rates - General.....:	12	12	12
Water rates - General.....:	4	4	4
Air rates - General.....:	1	1	1
Total.....:	114	114	114

TABLE VII
Revisions in Fees and Charges, Fiscal Years 1958 and 1959

Service Provided	Effect of Change	New Rate	Effective Date
1. Cotton classers license and renewal.....	Increase in rate from \$10 for license and \$5 for renewal:	License \$50 Renewal \$25	July 1, 1957
2. Cotton classing fees.....	Increase of 66-2/3% on classing for grade or staple only: For classing small lots (less than 12 samples).....	\$.25 per sample \$3.00 per lot	July 1, 1957 July 1, 1957
3. Cotton linters classers license and renewal....	Increase in rate from \$10 for license and \$5 for renewal:	License \$50 Renewal \$10	July 19, 1958
4. Cottonseed samplers license and renewal....	Increase in rate from \$5 for license and \$3 for renewal:	License \$7.50 Renewal \$5.00	July 1, 1958
5. Cottonseed chemists.....	Increase in rate from \$50..... Increase from \$.25 for each grade certificate issued by cottonseed chemists.....	\$100 \$.30	July 1, 1958 July 1, 1958
6. Typical Forms of cotton standards.....	Upland, American Egyptian and Sea Island Grade Standards: Domestic shipments F.O.B. Washington from \$10..... Foreign shipments delivered from \$12..... 6 sample upland guide boxes and tentative standards for preparation. Domestic shipments F.O.B. Washington from \$5..... Foreign shipments delivered from \$6.50..... Staple standards. Domestic shipments F.O.B. Washington from \$2..... Foreign shipments delivered from \$2.50.....	\$12 \$14 \$7 \$8.50 \$2.50 \$3.00	July 1, 1958 July 1, 1958 July 1, 1958 July 1, 1958 July 1, 1958 July 1, 1958
7. Inspection of fresh fruits and vegetables..	Total revenue increased 20% on commercial inspections and 12.5% on supplies for public and private agencies..	Involves 6 different fees	July 1, 1958
Inspection of processed fruits and vegetables..	10% increase in total revenue..... Increase of 12.5% in hourly rate on plant inspection-pack certification from \$4.....	Involves 22 different fees \$4.50	July 1, 1958 March 17, 1958
8. Inspection of grain products and miscellaneous commodities for compliance with quality specifications and for condition.....	Increase in miscellaneous grain products and service testing of seed of approximately 12.5% in fees from \$4.00..... Increase of 50% in origin verification of seed from 4¢ per 100 pounds..... Increase of 50% on beans and peas from 1¢ per bag..... Increase of 10% on hay from \$5.00 per carlot..... Overtime rate from \$5.00.....	\$4.50 per hour 6¢ per 100 pounds 1-1/2¢ per bag \$5.50 per carlot \$5.50 per hour	July 1, 1958 " " " "
9. Appeal inspections under the U. S. Grain Standards Act.....	Increases on appeal fees: 60% on carlots from \$5.00..... 66-2/3% on truck or trailer lots from \$3.00..... 33-1/3% on boats, barges or other vessels from \$1.50 per 1,000 bu. 50% increase on submitted sample or package from \$2.00: 16% increase on hourly rate for overtime work from \$5.00.....	\$8.00 per carlot \$5.00 per truck or trailer lot \$2.00 per 1,000 bu. \$3.00 per sample \$5.80 per hour (at all locations)	Sept. 29, 1958 " " "
10. Meat grading and compliance service.....	20% increase in fees from \$5.00.....	\$6.00 per hour	June 29, 1958
11. Poultry products grading.	Increase in charges of about 7.5%..... 100% increase in monthly charge for resident grading service performed by company-employed license grader from \$25.....	Involves 9 different fees \$50	July 1, 1958 January 1, 1958
Poultry products inspection.....	Increase in charges of about 10%..... 10% increase in inspection and grading performed for Department of Defense.....	Involves 8 fees Involves 10 different fees	July 1, 1958 July 1, 1958
12. Naval stores inspection..	Increase of 10 to 15% in charges.....	Involves 23 different fees	July 1, 1958

TABLE VIII

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing ServiceActual Cost of Inspection, Grading, Classing, and Standardization Activity
And Cost of Program to Taxpayer, by Work Project

Fiscal Year 1958

Work Project	Total	Paid from Revenue Earned			Paid From		Income	Net Cost to Taxpayer	Percent	Percent
		Reimb.					to		of Total	of Total
		to			Advances		General		Cost	Cost
		Appropriation	Trust Funds	Total	from C C C	Appropriation	Revenue Fund of Treasury		Charged to Taxpayer	Covered by Revenue
		1/			2/					
<u>Inspection, Grading, and Classing</u>										
Cotton and cottonseed.....	\$3,788,888	\$697,210	\$20,569	\$717,779	\$948,160	\$2,122,949	\$3,900,472	-\$29,363	-	121.8
Dairy products.....	1,931,648	-	1,807,372	1,807,372	-	124,276	-	24,276	6.4	93.6
Fruits and vegetables.....	5,573,703	-	4,945,538	4,945,538	-	628,165	-	628,165	11.2	88.8
Grain (U. S. Grain Standards Act).....	1,774,293	42,165	-	42,165	-	1,732,128	510,962	1,221,166	68.8	31.2
Livestock, meats and wool..	4,318,358	-	3,957,172	3,957,172	-	361,186	-	361,186	8.3	91.7
Naval stores.....	35,546	-	14,995	14,995	-	20,551	1,575	18,976	53.3	46.7
Poultry products grading...	2,887,094	-	2,650,037	2,650,037	-	237,057	-	237,057	8.2	91.8
Poultry products inspection:	4,281,347	25,900	3,285,045	3,310,945	-	970,402	-	70,402	22.6	77.4
Rice, hay, beans, etc.....	1,289,354	-	1,207,528	1,207,528	-	81,826	327	81,499	6.3	93.7
Tobacco.....	2,785,152	508,149	-	508,149	562,710	1,714,293	1,274	2,275,729	81.7	18.3
TOTAL.....	28,665,383	1,273,424	17,888,256	19,161,680	1,510,870	7,992,833	4,414,610	5,579,093	17.7	82.3
<u>Standardization</u>										
Cotton and cottonseed.....	354,874	-	-	-	-	354,874	57,301	297,573	83.8	16.2
Dairy products.....	27,057	-	-	-	-	27,057	-	27,057	100.0	-
Fruits and vegetables.....	262,626	5,000	-	5,000	-	257,626	-	257,626	98.0	2.0
Grain (U. S. Grain Standards Act).....	128,185	7,350	-	7,350	-	120,835	-	20,835	94.2	5.8
Livestock, meats and wool..	127,009	-	-	-	-	127,009	15,121	11,888	88.0	12.0
Naval stores.....	12,458	-	-	-	-	12,458	491	11,967	96.0	4.0
Poultry products grading...	66,905	1,600	-	1,600	-	65,305	-	65,305	97.6	2.4
Poultry products inspection:	20,367	-	-	-	-	20,367	-	20,367	100.0	-
Rice, hay, beans, etc.....	54,886	-	-	-	-	54,886	-	54,886	100.0	-
Tobacco.....	58,409	-	-	-	-	58,409	-	58,409	100.0	-
TOTAL.....	1,112,776	13,950	-	13,950	-	1,098,826	72,913	1,025,913	92.1	7.9
<u>Total Inspection, Grading, Classing and Standardization</u>										
Cotton and cottonseed.....	4,143,762	697,210	20,569	717,779	948,160	2,477,823	3,957,773	31,790	-	112.8
Dairy products.....	1,958,705	-	1,807,372	1,807,372	-	151,333	-	51,333	7.7	92.3
Fruits and vegetables.....	5,836,329	5,000	4,945,538	4,950,538	-	885,791	-	85,791	15.1	84.9
Grain (U. S. Grain Standards Act).....	1,902,478	49,515	-	49,515	-	1,852,963	510,962	1,420,001	70.5	29.5
Livestock, meats and wool..	4,445,367	-	3,957,172	3,957,172	-	488,195	15,121	73,074	10.6	89.4
Naval stores.....	48,004	-	14,995	14,995	-	33,009	2,066	30,943	64.4	35.6
Poultry products grading...	2,953,999	1,600	2,650,037	2,651,637	-	302,362	-	2,651,637	10.2	89.8
Poultry products inspection:	4,301,714	25,900	3,285,045	3,310,945	-	990,769	-	90,769	23.0	77.0
Rice, hay, beans, etc.....	1,344,240	-	1,207,528	1,207,528	-	136,712	327	36,385	10.1	89.9
Tobacco.....	2,843,561	508,149	-	508,149	562,710	1,772,702	1,274	2,341,38	82.0	18.0
TOTAL.....	29,778,159	1,287,374	17,888,256	19,175,630	1,510,870	9,091,659	4,487,523	6,150,066	20.5	79.5

MKT-WASH

1/ Includes amounts reimbursed by CCC for classing cotton and grading tobacco placed under loan.

2/ Reflects costs incurred under funds advanced by CCC for classing cotton and grading tobacco not placed under loan.

10-31-58

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service

Estimated Cost of Inspection, Grading, Cleansing, and Standardization Activity
And Cost of Program to Taxpayer, by Work Project

Fiscal Year 1959

Work Project	Total	Paid from Revenue Earned			Paid From		Income to General Revenue Fund of Treasury	Net Cost to Taxpayer	Percent of Total Cost Charged to Taxpayer	Percent of Total Cost Covered by Revenue
		Reimb. to Appropriation	Trust Funds	Total	Advances from CCC	Appropriation				
<u>Inspection, Grading, and Cleansing</u>										
Cotton and cottonseed	\$4,029,770	\$ 1,155,145	\$22,000	\$ 1,177,145	\$ 719,470	\$ 2,133,155	\$ 3,420,000	-\$567,75	-	114.0
Dairy products	2,239,350	-	2,195,750	2,195,750	-	43,600	-	43,00	1.9	98.1
Fruits and vegetables	6,122,500	-	5,646,000	5,646,000	-	476,500	-	476,00	7.7	92.3
Grain (U. S. Grain Standards Act)	1,946,250	52,000	-	52,000	-	1,894,250	560,600	1,333,50	68.5	31.5
Livestock, meats and wool ..	4,614,700	-	4,404,100	4,404,100	-	210,600	-	210,00	4.5	95.5
Naval stores	35,650	-	16,350	16,350	-	19,300	-	19,00	54.1	45.9
Poultry products grading ..	3,029,500	-	2,803,200	2,803,200	-	226,300	-	226,00	7.4	92.6
Poultry products inspection ..	8,683,600	775,000	820,000	1,595,000	-	7,088,600	-	7,088,00	81.6	18.4
Rice, hay, beans, etc	1,474,600	-	1,444,600	1,444,600	-	30,000	-	30,00	2.0	98.0
Tobacco	3,102,035	485,710	-	485,710	737,770	1,878,555	1,200	2,615,25	84.3	15.7
TOTAL	35,277,955	2,467,855	17,352,000	19,819,855	2/ 1,457,240	14,000,860	3,981,800	11,476,00	32.5	67.5
<u>Standardization</u>										
Cotton and cottonseed	438,495	-	-	-	-	438,495	58,000	380,95	86.7	13.3
Dairy products	30,000	-	-	-	-	30,000	-	30,00	100.0	-
Fruits and vegetables	281,700	5,000	-	5,000	-	276,700	-	276,00	98.2	1.8
Grain (U. S. Grain Standards Act)	146,000	7,000	-	7,000	-	139,000	-	139,00	95.2	4.8
Livestock, meats and wool ..	154,215	-	-	-	-	154,215	-	154,15	100.0	-
Naval stores	11,500	-	-	-	-	11,500	400	11,00	96.5	3.5
Poultry products grading ..	61,350	650	-	650	-	60,700	-	60,00	98.9	1.1
Poultry products inspection ..	26,400	-	-	-	-	26,400	-	26,00	100.0	-
Rice, hay, beans, etc	48,900	-	-	-	-	48,900	-	48,00	100.0	-
Tobacco	59,200	-	-	-	-	59,200	-	59,00	100.0	-
TOTAL	1,257,760	12,650	-	12,650	-	1,245,110	58,400	1,186,10	94.3	5.7
<u>Total, Inspection, Grading, Cleansing and Standardization</u>										
Cotton and cottonseed	4,468,265	1,155,145	22,000	1,177,145	719,470	2,571,650	3,478,000	- 186,80	-	104.1
Dairy products	2,269,350	-	2,195,750	2,195,750	-	73,600	-	73,00	3.2	96.8
Fruits and vegetables	6,404,200	5,000	5,646,000	5,651,000	-	753,200	-	753,00	11.7	88.3
Grain (U. S. Grain Standards Act)	2,092,250	59,000	-	59,000	-	2,033,250	560,600	1,472,50	70.3	29.7
Livestock, meats and wool ..	4,768,915	-	4,404,100	4,404,100	-	364,815	-	364,15	7.6	92.4
Naval stores	47,150	-	16,350	16,350	-	30,800	400	30,00	64.5	35.5
Poultry products grading ..	3,090,850	650	2,803,200	2,803,850	-	287,000	-	287,00	9.2	90.8
Poultry products inspection ..	8,710,000	775,000	820,000	1,595,000	-	7,115,000	-	7,115,00	81.6	18.4
Rice, hay, beans, etc	1,523,500	-	1,444,600	1,444,600	-	78,900	-	78,00	5.1	94.9
Tobacco	3,161,235	485,710	-	485,710	737,770	1,937,755	1,200	2,674,25	84.5	15.5
TOTAL	36,535,715	2,480,505	17,352,000	19,832,505	2/ 1,457,240	15,245,970	4,040,200	12,663,00	34.6	65.4

ACAI-WASH

- 1/ Includes amounts reimbursed by CCC for cleansing cotton and grading tobacco placed under loan.
2/ Reflects costs incurred under funds advanced by CCC for cleansing cotton and grading tobacco not placed under loan.
3/ Excludes \$149,760 to reflect personnel services reduction pursuant to Budget Bureau directive (Cotton \$117,320, Tobacco \$32,440).

2. Work on Fishery Products Transferred to Interior. Pursuant to the Fish and Wildlife Act of 1956, responsibility for freight rates work on fishery products was transferred to the Fish and Wildlife Service late in 1958. Up to the time of transfer, no freight rate problems on fish had been brought to the Department's attention in 1958.
3. Use of Exempt Motor Carriers. To offset a decline in livestock traffic on branch lines, a western railroad inaugurated the use of exempt motor carriers to haul livestock to a main-line point for transfer to rail cars. Exempt motor carriers are not subject to Federal economic regulations and are thus less costly for short and intermittent runs. The Department supported the railroad proposal, believing it would give livestock producers and others improved transportation service. The Interstate Commerce Commission investigated and found proper and lawful the tariff rule in the use of exempt motor carriers. The rule is being continued by the initiating railroad and has been adopted by others as well.
4. Reduction in Freight Rates for Dressed Poultry. Railroads in the poultry-producing region of the West proposed reduced rates on dressed poultry moving into the Eastern consuming territory prior to the 1957 holiday season. Motor carrier competitors requested suspension and investigation of these reduced rates. Through contacts by the Department with officials at Interstate Commerce Commission the rates became effective while, at the same time, an investigation was initiated by ICC to determine whether or not the rates were reasonable. They were found so and, in the meantime, poultry producers benefited from the lower rates.
5. Grain Inspection Station Kept Open. Railroads serving Aberdeen, S. D. sought to discontinue service to a grain inspection station licensed by the U. S. Department of Agriculture. The Department opposed closing this station because grain which is inspected there could move either East or South and the closing of this inspection station would interfere with producers' choice of markets. The ICC upheld the Department's position and the Aberdeen station has remained open.
6. Request for New Rail Lines to Serve Port of Chicago. The St. Lawrence Seaway will soon be opened and certain railroads in the Chicago area have sought permission from the ICC to build new lines to serve the Port of Chicago. In addition to the request for new lines, these railroads want to operate over existing lines of other ownership. The Department is supporting this action because it believes that more than one or two rail facilities must be available to properly use the Seaway.
7. Prevention of Unwarranted Rate Increases by Motor Carriers. During the past year the Southern Conference of Motor Carriers requested the ICC to require member motor carriers to apply an authorized increase of 6% in their rates even if the carriers did not choose to apply them. The Department opposed the enforcement of this proposal before the ICC and was successful in its efforts to discontinue this proceeding.

8. Reductions in Rates on Grain, Potatoes and Fresh Fruits and Vegetables. To meet competition, the Western railroads proposed and published reductions in the rates on grain. Decreases amounting to as much as 18¢ per 100 pounds were made effective over wide areas.

Railroads serving the potato-producing areas have reduced rates on potatoes, by as much as 32¢ per 100 pounds. These reductions are ordinarily accompanied by increases in the carload minimum weights.

Railroads serving the Southwest and Southeast proposed initiating charges on carloads instead of rates per 100-pounds on fresh fruits and vegetables.

The Department has consistently supported proposed reductions in freight rates and has assisted the railroads in obtaining permission to make such rates effective on less than the statutory 30 days notice.

9. Complaints Filed on Behalf of CCC. A formal complaint was filed on behalf of the Commodity Credit Corporation, attacking the freight charges on more than 500 carloads of raw sugar exported through the Port of New Orleans. If this complaint is upheld approximately \$90,000 will be returned to the Corporation.

Over a period of 10 years the Interstate Commerce Commission has approved general increases to certain compression-in-transit charges on cotton. The Department, on behalf of the C.C.C., has appealed this decision in a U. S. District Court. If the appeal is upheld, the Commodity Credit Corporation will receive refunds amounting to more than \$100,000.

IV. Regulatory Activities

Current Activities:

These activities involve the administration of the Standard Container, United States Warehouse, Federal Seed, Packers and Stockyards, and Tobacco Plant and Seed Exportation Acts, as well as the regulatory features of the Naval Stores Act. These laws regulate various marketing activities, and the administration of each includes two or more of the following: (1) licensing or registration, (2) supervision of operations of licensees, (3) collection and testing of samples, and (4) handling of violations.

Selected Examples of Recent Progress and Trends

1. Federal Seed Act

- a. Record Volume of Importations Shows Increase of More than 56% over 1957.

During 1958 more than 291.5 million pounds of 110 kinds of agricultural and vegetable seeds were offered for importation from 26 countries. This is the largest amount of seed

imported in any one year since the enactment of the Act in 1939. The estimated value of this total importation is 20 million dollars. After subjecting samples of these imports to tests, over 288 million pounds were admitted into the commerce of the United States. Importations consisted primarily of seeds of wheat, oats, sweet clover, red fescue, red clover, and corn, mostly from Canada. Substantial importations of orchardgrass and rough blue grass came in mostly from Europe.

Import Activities

Activity	Fiscal Year					
	1955	1956	1957	1958	1959(Est.)	1960(Est.)
Total import actions 1/...	8,095	12,677	10,523	15,803	15,000	15,000
Lots offered for importation.....	7,896	12,474	10,411	15,682	15,000	15,000
Lots permitted entry.....	7,844	12,440	10,501	15,614	14,900	14,900
Lots denied entry.....	52	34	22	165	100	100
Kinds of seed imported....	105	112	106	110	110	110
Pounds of seed imported (millions)....	118.8	235.0	181.6	288.0	288.0	288.0

1/ Includes action taken on lots rejected once and acted on again after cleaning, etc.

- b. Interstate Activity. The number of violations of the interstate portion of the Act increased 14%. However, 7% fewer investigations were completed in 1958 than in 1957. This was due to the fact that import activity continued high. Since import work is mandatory, it must be carried on, often at the expense of interstate activity. Under cooperative arrangements, violations were reported by 36 States. Of the 1440 cases to be investigated in 1958, 1074 were new cases involving apparent violations occurring in 43 States. As of June 30, 1958 there were 433 State officials authorized to inspect seed subject to the Federal Seed Act.

Court action was completed on 21 cases of which 20 were successfully prosecuted. The first 3 cases filed under section 406(b) of the Act which provides for civil instead of criminal action were successfully terminated and fines amounting to \$1,750 were assessed.

Interstate Investigations and Actions

Item	Fiscal Year					
	1955:1956	1957	1958	1959(Est.)	1960(Est.)	
Cases for investigation:	:	:	:	:	:	:
Total to be investigated...	1,806:1,481	1,292:1,440	1,700	1,700		
Investigations completed...	1,239:1,126	926: 865	800	800		
Pending at end of year....	567: 355	366: 575	900	900		
Administrative actions:	:	:	:	:	:	:
No action warranted.....	532: 331	233: 221	200	200		
Warnings issued.....	633: 716	662: 587	500	500		
Cited for hearings.....	114: 172	104: 90	90	90		
Seizures recommended.....	6: 4	9: 6	10	10		
Criminal actions	:	:	:	:	:	:
recommended.....	37: 44	77: 19	30	30		
Court Actions:	:	:	:	:	:	:
Criminal actions	:	:	:	:	:	:
terminated.....	18: 9	13: 19	30	30		
Criminal actions pending	:	:	:	:	:	:
at end of year.....	12: 11	17: 15	15	15		
Seizure actions terminated:	3: 7	8: 1	6	6		
Seizure actions pending	:	:	:	:	:	:
at end of year.....	3: 0	1: 6	10	10		

- c. Variety Labeling and Testing Emphasized. The emphasis on labeling and testing with respect to variety continues. The introduction of hybrid sorghum and its rapid acceptance by farmers have resulted in numerous problems of enforcement. Several seed firms assigned their own variety names to hybrid varieties which had previously been developed and introduced by the various State experiment stations cooperatively with the Agricultural Research Service. Since this practice is in violation of the Federal Seed Act and since the seed firms claim to have developed new and distinct varieties, a number of field tests were made to determine the facts. Plantings of seed samples submitted by the firms were made at five different State experiment stations and the plants obtained were compared with plants grown from authentic seed of the hybrid varieties developed by the experiment stations. No significant differences could be demonstrated on the basis of field tests between the samples from the seed firms and the samples of authentic checks.

A new kind of seed has been introduced into commerce and has been the source of considerable confusion. This new kind was derived from a cross of sudangrass and Johnsongrass and has been improperly referred to as "sudangrass." A variety of this kind developed by the Texas Agricultural Experiment Station was named Perennial Sweet sudangrass. Discussions with the Agricultural Research Service and the Texas Agricultural Experiment Station resulted in a decision that the new variety is not in fact sudangrass, but a new kind. The term "sorghum" has been proposed for the name of this new kind.

Seed schools were conducted for 80 commercial and official seed analysts. In recent years grassland seeding has increased with a corresponding increase in requests to test the so-called native grass seeds. Many of these kinds are difficult to test and present new problems. Special attention has been given to these problems in the seed schools.

Greater emphasis has been given to germination studies. Records show that violations under the Federal Seed Act due to germination is about equal to those resulting from improper labeling with respect to purity and noxious weed seeds.

- d. Seed Testing. Volume of Seed Testing Work is shown in the following table.

Activity	Fiscal Year					
	1955	1956	1957	1958	1959(Est.)	1960(Est.)
Seed samples tested in connection with:	:	:	:	:	:	:
Imports.....	8,244	12,804	10,667	15,888	15,000	15,000
Interstate shipments..	2,172	1,926	1,478	1,487	1,500	1,500
Variety tests.....	238	342	342	961	1,000	1,000
Miscellaneous.....	1,126	629	1,166	641	800	800
Total tests.....	11,780	15,701	13,653	18,977	18,300	18,300

- e. Federal Seed Act Amended. Public Law 85-581, approved August 1, 1958, amends the Federal Seed Act particularly with respect to labeling. Changing conditions in the handling and importation of seed made this legislation desirable. The amendment also provides for collecting from importers for the cost of supervision of reprocessing seed otherwise refused admission.
- f. Conference with State Seed Control Officials. The conference of seed control officials held at Biloxi, Mississippi, in November 1957 was of special significance because it afforded an opportunity for strengthening the relationship that exists between Federal and State agencies in the enforcement of the Federal Seed Act under the terms of Memorandums of Understanding that have been joined in with each of the State seed law enforcement agencies.

2. Naval stores and tobacco export permits

- a. Naval stores. During the year, 178 samples, consisting of turpentine, rosin, dipentene, and competing mineral spirits paint thinners, or small containers therefor bearing labels to be studied, were collected for purposes of checking condition, quality, purity, and proper label description. About 53 distributors were represented by these samples. One formal citation was issued to a firm, formerly a cooperative authorized packer. This firm continued to use retail-type containers carrying the reference to U. S.

inspection after authority had expired. There were 33 instances in which some phase of the Act or regulations thereunder was not fully observed by vendors. In these cases corrective action was taken through personal contacts with shippers followed by official correspondence. Continuing surveillance of practices under the Naval Stores Act is holding the number of violations to a minimum.

- b. Tobacco export permits. The number of certificates issued for exportation of tobacco seed for experimental purposes in 1958 totaled 32.

3. Packers and Stockyards Act Amended (P.L. 85-909)

- a. Major changes in administration of the Act resulting from the amendment approved September 2, 1958 (P.L. 85-909) are as follows:
 - (1) All livestock transactions in interstate commerce are placed under the jurisdiction of the Department.
 - (2) The Federal Trade Commission was given jurisdiction over meat packers handling non-meat products such as ice cream, sporting goods, leather goods, and oleomargarine. The Commission was also given primary jurisdiction over practices in connection with the retail sales of meat packers.
 - (3) The Federal Trade Commission was given limited jurisdiction over wholesale operations of meat packers when such jurisdiction is required to effectively prevent unfair practices in retail sales.
 - (4) The Department was given limited jurisdiction over retail sales of meat packers if required to effectively prevent unfair practices in meat packer wholesale operations.
- b. Posting and Registration Activities Increased. There were 66 additional stockyards posted in 12 states under the Act in 1958 making a total of 600 posted as of June 30, 1958. By October 1, 1958, ten additional yards had been posted. This posting program was conducted under the provisions of the Act limiting jurisdiction to stockyards with an area of 20,000 square feet or more. With the removal of this area limitation by the amendment of September 2, 1958, the Department has jurisdiction over all stockyards operating in interstate commerce and over all market agency and dealer transactions in interstate commerce. It is estimated that by the amendment, approximately 1500 additional stockyards become subject to the Act. This more than doubles the number of yards eligible for posting and the number of market agencies and dealers subject to the Act. It will substantially increase the need for supervision of stockyards, registrants and packers subject to the Act. The following table shows the growth over the past four years and that estimated in 1959 and 1960 in the posting and registration activities:

Activity	Fiscal Year						
	1955	1956	1957	1958	1959(Est.) ^{a/}	1960(Est.) ^{b/}	
Yards posted	335:	352:	546:	^{a/} 600:	1,100:	2,100	
Market agencies and deal- ers registered	:	:	:	:	:	:	
Packers under supervision:	1,915:	1,998:	1,979:	2,129:	2,200:	4,200	
Poultry dealers licensed :	1,308:	1,267:	1,176:	1,167:	1,150:	1,150	
	:	:	:	:	:	:	

^{a/} An estimated additional 1,500 yards are eligible for posting and subsequent supervision under the Act, as amended.

^{b/} Assumes full cooperation of the State auction associations in obtaining jurisdictional statements for use by the Secretary in determining eligibility under the modified posting procedures.

c. Unfair Trade Practices Emphasized. Several steps were taken during 1958 to increase the emphasis on investigation and enforcement of the trade practice provisions of the Act. At the beginning of the year some funds were made available to strengthen this work through administrative realignment of funds within the Marketing Services appropriation. The Packers and Stockyards Branch of the Livestock Division in AMS was reorganized to establish a separate Packer Section. This Section directs investigations in this area of work conducted by the 20 field offices of the Branch. Further, a new position was established--Deputy Director of the Livestock Division--to give over-all direction to the administration of the Packers and Stockyards Act.

Major investigations were completed concerning discriminatory meat pricing practices of a number of national packers.

Weighing investigations were continued resulting in administrative and criminal prosecution of livestock dealers on two major livestock markets. Collusive arrangements between buyers and dealers were disclosed which were having adverse effects on free competition. Intensive trade practice investigations are continuing during the current year.

(1) Misuse of Federal Grades. During the year it became apparent that misuse of Federal grade terms was widespread among some of the packers. This practice tends to destroy the value of these terms as quality standards by misleading consumers and thus reduces the demand for cattle of higher grade. Complaints were issued against 3 packers who were illegally using Federal grade terms. The parties concerned admitted the practice and were ordered to cease and desist.

(2) Monopoly in Purchase of Livestock. A large packer, through arrangements with dealers and country buyers, attempted to control the procurement of livestock in an area covering 4 States. A formal complaint was issued after a long and extensive investigation.

- (3) Turn Systems Investigated. The hearing on the turn system (a system in effect at some terminal stockyards for determining the order in which prospective buyers may bid for live-stock) at Kansas City was concluded during the year. Farmers and other buyers of feeder livestock testified they were restricted in their buying operations. The 8th Circuit Court of Appeals on August 13, 1958, in an appeal from the Judicial Officer's order in a similar proceeding at Omaha, upheld the decision of the Judicial Officer and stated that any method or rule or scheme which limits the number of prospective buyers must have the effect of restricting competition and results in depressing the whole market. Formal proceedings were also instituted against buyers, dealers and market agencies involved in fraudulent and collusive arrangements at Chicago and St. Paul.

Analysis of Formal Proceedings under the Packers and Stockyards Act

Activity	Fiscal Year					
	1955	1956	1957	1958	1959 (Est.)	1960 (Est.)
Cases pending first of	:	:	:	:	:	:
year	26	40	52	43	103	115
New Cases	75	74	69	146	154	165
Cases reopened	3	-	-	-	-	-
Total cases requiring	:	:	:	:	:	:
action	104	114	121	189	257	280
Cases disposed of	64	62	78	86	142	165
Cases pending end of	:	:	:	:	:	:
year	40	52	43	103	115	115

- (4) Study of Financial Condition of Industry. In order to avoid the possibility of serious losses to livestock producers resulting from failures of meat packers, a major study was started in April to determine the financial condition of the industry. It is planned to make the information available to the public during the current fiscal year.

5. United States Warehouse Act

a. Number of Licensed Warehouses Increases. The number of warehouses licensed under the Act increased to 1,682 as of June 30, 1958. This was 30 more than a year ago. Of the 1,682 licensed warehouses, 1,100 were for grain, 519 for cotton and the remaining 63 for various other commodities. During the year, 97 new licenses were issued, 61 were either cancelled or terminated, and 404 were amended.

b. Number of Licensed Warehouses and Capacity by Major Commodity

Year	Total	Capacity (millions)	
		Grain	Cotton
As of June 30	number	(Bushels)	(Bales)
1940	1,291	187.7	10.1
1946	1,338	271.2	10.6
1950	1,483	380.1	11.0
1955	1,545	645.0	11.8
1956	1,587	711.0	12.6
1957	1,652	774.2	13.5
1958	1,682	846.2	13.3
1959 (Est.)	1,700	875.0	13.5
1960 (Est.)	1,730	900.0	13.5

c. Average Number of Inspections Per Warehouse Increases. The average for all warehouses increased from 1.58 inspections in 1957 to 1.84 in 1958. Improved procedural methods made an increase in grain warehouse examinations possible notwithstanding an increase in the number and capacity of licensed warehouses. Improved methods materially contributed to the increase in cotton examinations although a smaller storage volume of cotton also helped increase the frequency of cotton examinations.

d. Licenses Suspended. During the year it was necessary to suspend 15 licenses although 11 of these were reinstated by the close of the year.

6. Federal Cost of Regulatory Activities.

	1958	1959(Est.)	1960(Est.)
Total cost of activity.....	\$2,094,235	\$2,293,715	\$2,786,715
Less reimbursements.....	170	200	200
Paid from appropriation...	2,094,065	2,293,515	2,786,515
Less income to General Revenue Fund of Treasury..	43,432	45,000	45,000
Net cost to taxpayer....	2,050,633	2,248,515	2,741,515
Percent of total cost charged to taxpayer.....	98	98	98
Percent of total cost covered by revenue.....	2	2	2

V. Administration and Coordination of State Payments

Current Activities:

This project covers the Federal administration and coordination of the matched-fund cooperative marketing service work performed by the States with the assistance of Federal funds provided under the appropriation "Payments to States, Territories, and Possessions." During fiscal year 1958 this work was carried on through 132 projects by 43 States and Territories. This compares with 122 projects in 42 States and Territories in 1957.

Selected Examples of Recent Progress and Trends.

1. Annual National Workshop at Memphis, Tennessee.

In November 1957, a total of 155 persons from 40 States participated in a workshop whose main theme related to means by which State Departments of Agriculture can expand market outlets for agricultural products.

2. Programs of 40 States Reviewed.

In connection with the program review work, special effort was made to assist States with relatively new programs in developing appropriate plans and techniques for conducting the projects. Effort was directed toward revising and rewriting projects to more nearly reflect current marketing service programs in the States.

(b) Payments to States, Territories, and Possessions

Appropriation Act, 1959, and base for 1960	\$1,160,000
Budget Estimate, 1960	<u>1,160,000</u>

PROJECT STATEMENT

Project	1958	1959 :(estimated):	1960 :(estimated):
Payments for marketing service work	:	:	:
under sec. 204(b) of the Agricultural	:	:	:
Marketing Act of 1946	:\$1,160,000:	\$1,160,000:	\$1,160,000

STATUS OF PROGRAM

Current Activities:

This appropriation enables State marketing agencies to get practical application of improved marketing practices and results of marketing research. These methods and practices aid in maintaining quality, expanding outlets, and reducing deterioration and spoilage of farm products. The program also helps move seasonal surpluses to their best market, reduce marketing costs, and increase returns to farmers from the marketing of their products.

The Federal payments, authorized by Section 204(b) of the Agricultural Marketing Act of 1946, are made under cooperative agreements between the U. S. Department of Agriculture and State Departments of Agriculture, Bureaus of Markets and similar State agencies for the conduct of eligible marketing service activities on a matched fund basis. The States contribute at least half of the cost and perform the work with State personnel.

The amount of the Federal payment to the State is not governed by formula. Payments are based upon an evaluation of the relative urgency of the marketing problem confronting the State, the probable effectiveness of the proposed plans for solving or alleviating the problems, the ability of the State to carry out the program proposed, and the availability of matching funds.

Forty-three States conducted 132 separate State projects under this activity during fiscal year 1958. As in most recent years, emphasis has been placed on improving or maintaining product quality and expanding market outlets.

Selected Examples of Recent Progress:

1. First Minnesota Virus-Free Trees Sold. The first trees certified under the Minnesota Department of Agriculture virus-free certification program were offered for sale during the past season. Approximately 100,000 winter hardy plums, cherries, and ornamental Prunus trees propagated from virus-free cuttings or budwood were sold to orchardists or home owners in Minnesota and in the surrounding 5 state area.
2. Maryland Feeder Pig Sales Returns Increased: Feeder pig sales organized by the Maryland Department of Markets this past year have increased returns to participating producers by \$4 to \$5 per pig. At these sales, pigs produced under good management practices are sorted according to breed, weight, and grade and sold in lots of uniform "quality". These organized sales, where large numbers of pigs are assembled, have served to attract buyers from a wide area and to establish a highly competitive market for all feeder pigs produced and sold in Maryland.
3. Quality of Cotton Seed Improved in Alabama. The quality of cotton seed for planting purposes is affected by the care exercised in the mechanical delinting process. Injury to cotton seed from improper delinting

has been a problem in Alabama for sometime. Last year, seed marketing specialists of the Alabama Department of Agriculture initiated a program of assistance to processors which enabled them to eliminate most of the damage to cotton seed due to faulty equipment and processing techniques.

4. Watermelon and Sweet Potato Growers Marketing Organization and Facilities Developed in North Carolina. As a result of reduced tobacco and peanut acreage allotments, farmers in the Bertie County area are expanding production of several vegetable crops, including watermelons and sweet potatoes. At the request of farmers in this area, the North Carolina Department of Agriculture helped in developing a program designed to insure successful marketing of these crops. In addition to assisting in perfecting the organization under which these crops will be marketed, the North Carolina Department gave advice regarding varieties having the best market acceptance, choice of market outlets, advantageous marketing periods and the proper design and construction of needed sweet potato curing and storage facilities. This year some 600 acres of watermelons and 500 acres of sweet potatoes are being marketed under a unified plan where the emphasis is on strict quality control and proper handling, beginning with seed selection through to delivery of the product on the buyer's platform. Farmers in other areas of North Carolina are showing a keen interest in this development and are requesting the North Carolina Department to assist them in organizing similar programs.
5. Commercial Grain Storage Survey Facilitated Orderly Marketing of Near Record Kansas Wheat Crop. To assist Kansas wheat farmers in orderly marketing of the near record 1958 wheat crop, the Kansas Board of Agriculture prepared a detailed county-by-county report showing total commercial grain storage capacity and percentage of capacity in use. This report, which revealed the storage situation in each county just ahead of the harvest season, provided wheat growers, railroads, grain men and marketing officials with the information needed for efficient handling and movement of the wheat crop.
6. Wisconsin Dairy Plant Operating Costs Reduced. Improvements in equipment and operations adopted by cooperative dairy plants in Wisconsin as a result of assistance provided by the Wisconsin Department of Agriculture resulted in savings of about 5 cents per hundred pounds in milk receiving and processing costs. These savings were reflected in increased payments of about \$175,000 to the patrons of these plants.
7. Live-hog Grading Program Initiated in Georgia. During the past year, the Georgia Department of Agriculture set up at one of the livestock auctions, the first live-hog grading service in the State. It is expected that this type of program will be extended to other livestock sales points in the State so as to improve the marketing of Georgia's rapidly expanding hog production.
8. Kansas Egg Producer Returns Increased. As a result of assistance provided by the Kansas Board of Agriculture to 3 Kansas egg dealers in establishing egg breaking facilities, returns to producers were increased by about \$1.00 per 30 dozen case for eggs going into the egg breaking outlet.

9. Vermont Milk Retail Sales Stimulated. Under the stimulus of the Vermont milk quality improvement program, conducted by the Vermont Department of Agriculture, the testing of milk for flavor was extended to all producer deliveries. Other developments under this program during the past year included the replacement of old equipment in 20 pasteurizing and bottling plants which substantially improved the flavor of milk retailed from these plants. This quality improvement work has contributed to the 15% gain in retail sales of milk in Vermont over the past 3 years.
10. New Maine Potato Product Promoted. At the request of food processors of Maine, the Maine Department of Agriculture assisted in development and securing outlets for a new potato product - frozen-stuffed baked potatoes. This product is being packed and sold under the State of Maine Blue, White and Red trademark. Interest among food distributors in this product was stimulated by a product display which the Maine Department of Agriculture exhibited at the New England frozen food show. The Maine Department also introduced the product to the catering service for a major airline.

State Participation by Fields of Work:

The work under this program falls into four general fields; the number of States conducting projects and the distribution of payments under each category is shown below:

	<u>No. of States</u>		<u>Payments</u>	
	<u>1958</u>	<u>1959</u>	<u>1958</u>	<u>1959</u>
(1) Improving and maintaining the quality of agricultural commodities	36	35	\$ 370,000	\$ 365,000
(2) Increasing markets for agricultural commodities	23	28	355,000	360,000
(3) Increasing marketing efficiency and reducing costs	20	22	90,000	100,000
(4) Assembling and disseminating marketing information, including statistics and data on improved facilities and methods	34	29	345,000 <u>1,166,000</u>	335,000 <u>1,160,000</u>

Distribution of Payments:

The distribution of payments by States, for 1958 and 1959 are shown in the following table: (Some States participate in the program entirely with funds carried over from prior years.)

DISTRIBUTION OF PAYMENTS BY STATES

States	Actual. F.Y. 1958	Estimated. F.Y. 1959
Alabama	\$ 20,601	\$ 20,600
Alaska	7 770	7,250
Arkansas	7,139	7 500
California	100,000	100 000
Colorado	-0-	6,000
Florida	43,000	43,000
Georgia	42,127	37,000
Illinois	26,507	28,500
Indiana	46 008	33,000
Iowa	10,000	10,000
Kansas	48,000	50,000
Kentucky	31,258	32,790
Louisiana	65,904	66,000
Maine	55,500	55,500
Maryland	16. 423	14,000
Massachusetts	7,240	5,000
Michigan	19,609	26,000
Minnesota	40,839	43,000
Mississippi	53 000	53,000
Missouri	25,183	-0-
Montana	12,500	11,500
Nebraska	2,500	2,900
New Jersey	35,918	38,000
New Mexico	5,000	20,000
New York	55,821	56,000
North Carolina	70,814	67,000
North Dakota	25,600	29,000
Ohio	7,054	9 500
Oklahoma	23,000	22,660
Oregon	22. 042	26,000
Pennsylvania	15. 600	16,000
South Carolina	10,000	13,500
South Dakota	8,465	9,000
Tennessee	16,151	19,000
Texas	20,502	21,500
Vermont	3,438	3,720
Virginia	47,000	50,300
Washington	25,247	27,000
West Virginia	32,000	32,000
Wisconsin	40,634	43,000
Wyoming	9,767	-0-
Hawaii	4,789	4,280
TOTAL	1,160,000	1 160,000

(c) School Lunch Program

Appropriation Act, 1959	a/	\$110,000,000
Budget Estimate, 1960		<u>100,000,000</u>
Decrease (reduction in cash payments to States)		<u>-10,000,000</u>

a/ In addition, Act provides that \$35,000,000 shall be transferred from Section 32 funds for purchases of agricultural commodities for distribution to schools.

PROJECT STATEMENT

Project	1958	1959 (estimated)	Increase or Decrease	1960 (estimated)
1. Food Assistance:				
(a) Cash payments to States	\$83,754,171	\$93,600,000	-\$10,000,000	\$83,600,000
(b) Commodity procurement	14,811,421	49,743,000	-34,824,500	14,918,500
2. Operating Expenses	1,306,748	1,657,000	-175,500	1,481,500
Unobligated balance ..	92,293	- -	- -	- -
Total pay act costs ..	[44,098]	[123,300]	[-7,300]	[116,000]
Total available or estimate	99,964,633	145,000,000	-45,000,000(1)	100,000,000
Transferred to "Marketing Research and Service, Agricultural Marketing Service, 1958"	+35,367	- -	- -	- -
Transferred from "Removal of Surplus Agricultural Commodities"	- -	-35,000,000	+35,000,000	- -
Total appropriation or estimate	100,000,000	110,000,000	-10,000,000	100,000,000

DECREASES

(1) A decrease of \$45,000,000 composed of \$10,000,000 in Cash payments to States and \$35,000,000 in Commodity procurement, including related operating expenses.

It is Department policy to encourage the States to assume increased responsibility in the School Lunch Program. Accordingly, Federal assistance to the School Lunch Program under this appropriation is recommended at a level of

\$100,000,000, or a reduction of \$10,000,000 in cash payments to the States. In addition to the direct assistance through cash payments and donated commodities (Section 6 foods) under this appropriation, the States are also receiving Federal cash assistance under the \$75,000,000 Special Milk Program.

The School Lunch Program is also given first priority to surplus commodities available for donation which are acquired under the Section 32 Surplus Removal and CCC Price Support programs. During the past five years the value of such commodities distributed to schools averaged almost \$95,000,000. The level in any one year, of course, depends upon the economic situation and the need for these surplus removal and price support activities. With the large supply of feed grains and the potential availability of animal proteins, it is probable that substantial quantities of these protein foods will be going to schools under Section 32 in 1960.

The authority to transfer \$35,000,000 of Section 32 funds to Section 6 for the purchase and distribution of foods in accordance with the general purposes of Section 32 is not needed and its elimination is, therefore, proposed. The distribution to schools of commodities acquired under Section 32 can be accomplished without this additional authority, and schools are, in fact, the first priority and principal recipient of commodities so acquired.

CHANGE IN LANGUAGE

The estimates include proposed change in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses to carry out the provisions of the National School Lunch Act (42 U.S.C. 1751-1760), [~~\$110,000,000~~] \$100,000,000: Provided, That no part of this appropriation shall be used for nonfood assistance under section 5 of said Act[: Provided further, That \$35,000,000 shall be transferred to this appropriation from funds available under section 32 of the Act of August 24, 1935, for purchase and distribution of agricultural commodities and other foods pursuant to section 6 of the National School Lunch Act, such additional funds to be used for the general purposes of section 32].

The proposed change would delete the provision for the transfer of funds from Section 32 for purchase and distribution of agricultural commodities and other foods. Since schools receive commodities purchased under Section 32, a transfer of funds for purchase is considered unnecessary. Further, schools participating in the School Lunch Program are given first priority in the distribution of such commodities.

- 66 -
STATUS OF PROGRAM

The School Lunch Program is designed to:

1. Broaden the market for agricultural food commodities by:
 - a. Providing an expanded market for agricultural commodities through local purchases of food by school lunch programs in commercial channels of trade;
 - b. Serving as a valuable outlet for agricultural commodities purchased by the Department to alleviate local and seasonal surpluses;
 - c. Expanding the outlet for highly nutritious foods, particularly in areas of nutritional deficiencies;
 - d. Introducing a wider variety of foods, thus creating a demand for commodities that many housewives would not otherwise buy.

2. Improve the health and well-being of the Nation's children by:
 - a. Providing them a well-balanced lunch at school to help fill their daily nutritional requirements.

Experience indicates that children who get lunch under this program, compared with those who do not, show:

- (1) more rapid gain in weight and height;
 - (2) better attendance records;
 - (3) improvement in scholastic standing;
 - (4) better deportment;
 - (5) higher resistance to colds and other illnesses.
- b. Developing proper and nutritionally beneficial food habits which will continue in later life.

Current activity under the program includes:

1. Furnishing cash assistance to schools for food purchases by:
 - a. Apportioning among the States and Territories a minimum of 75 percent of the total funds available on the basis of need as indicated by:
 - (1) State per capita income compared with United States per capita income;
 - (2) State population of children 5 to 17 years of age.

- b. Making periodic advances of the apportioned funds to State agencies to enable them to reimburse participating schools for a portion of the food costs of lunches served when the schools:

- (1) agree to operate on a nonprofit basis;
- (2) serve meals meeting minimum nutritional standards prescribed by the Secretary of Agriculture;
- (3) Offer lunch to all children attending the school and serve it free or at reduced cost to children who are unable to pay the full cost;
- (4) agree to purchase commodities designated by the Secretary of Agriculture as being in abundance.

A recent study indicated that substantial savings in Federal interest costs would result from more frequent cash advances to the States. As a result a revised system was developed in cooperation with the States to provide generally for 9 monthly rather than 4 quarterly advances effective with the fiscal year 1959.

- c. Paying the funds directly to participating private schools in the 28 States, Hawaii and Guam where State laws forbid disbursement of Federal funds by State agencies to private schools. (A proportionate share of the State's total apportionment is set aside for this purpose.)

2. Furnishing food items to schools for lunch programs by distributing to schools through State distributing agencies, commodities acquired under:

- a. Section 6, National School Lunch Act. Commodities are purchased on the basis of their nutritional value and acceptability, and distributed to schools participating in the school lunch program under this act.
- b. Removal of Surplus Agricultural Commodities (Section 32, Act of August 24, 1935, as amended). Surplus commodities are purchased and donated to authorized outlets, including all eligible school lunch programs.
- c. Commodity Credit Corporation. Commodities acquired under price support programs may be donated to authorized outlets, including all eligible school lunch programs. (Section 416, Agricultural Act of 1949, as amended)

3. Furnishing administrative and technical assistance to State agencies and participating schools with respect to:

- a. management of funds
- b. purchase and storage of food
- c. proper use of equipment
- d. preparation and serving of meals
- e. maintenance of records and preparation of reports
- f. development of recipes, particularly to utilize donated and plentiful commodities
- g. reasons for participation and nonparticipation in program.

4. Making reviews and audits which provide for:

- a. annual audits of the records of State agencies and selected schools;
- b. comprehensive administrative analyses of State agencies' operations under the program;
- c. administrative reviews in individual schools as necessary.

Program policy is to encourage and assist State educational agencies to assume increasing responsibility for the administration of the program. In addition to the responsibility for the administrative review of individual programs which all States have assumed, 17 States have assumed responsibility for the individual school audit programs and several additional States have indicated an interest for assuming this responsibility. Work was completed in cooperation with State Educational Agencies during the year on a broad review of school lunch procedures and regulations. New regulations were made effective July 1, 1958 incorporating a number of desirable simplifications based on 12 years experience in the program. A study group composed of 5 State School Lunch Directors and members of the Department has been established to analyze long range needs and financing of the program in order to develop background material and recommendations for consideration by the Secretary's Advisors on the school lunch program.

Examples of recent progress and trends:

The School Lunch Program furnished noon-day meals to about 30% of the Nation's 39,100,000 school children in the fiscal year 1958. This program also utilized 3.5 billion pounds of food, of which 3.2 billion pounds were purchased in local markets and .3 billion pounds were donated by the Department.

A. Peak month participation was 11.5 million children in 1958 - 8% over 1957

Participation in the National School Lunch Program
Fiscal Years 1957 and 1958, by month

Month	: Number of Schools :		: Number of Children :	
	: Fiscal Years :			
	: 1957 :	: 1958 :	: 1957 :	: 1958 :
July	: 1,203 :	: 1,095 :	: 156,639 :	: 163,728 :
August	: 4,950 :	: 4,935 :	: 670,094 :	: 644,812 :
September	: 52,847 :	: 56,502 :	: 9,816,858 :	: 10,808,932 :
October	: 55,487 :	: 58,522 :	: 10,287,160 :	: 10,702,735 :
November	: 56,896 :	: 59,439 :	: 10,634,101 :	: 11,195,997 :
December	: 57,261 :	: 59,882 :	: 10,655,567 :	: 11,473,120 :
January	: 57,838 :	: 60,162 :	: 10,629,329 :	: 11,256,854 :
February	: 57,604 :	: 60,228 :	: 10,505,670 :	: 11,166,653 :
March	: 57,647 :	: 60,524 :	: 10,257,891 :	: 10,923,021 :
April	: 57,523 :	: 58,909 :	: 10,175,916 :	: 10,547,409 :
May	: 54,795 :	: 56,398 :	: 9,647,541 :	: 10,111,313 :
June	: 15,319 :	: 15,778 :	: 2,861,385 :	: 2,998,732 :
Average, Sept.-June :	: 52,322 :	: 54,634 :	: 9,547,142 :	: 10,118,477 :
Peak Number	: 57,838 :	: 60,524 :	: 10,655,567 :	: 11,473,120 :
Peak Month	: January :	: March :	: December :	: December :

Year to year comparisons in number of schools participating are affected by the school consolidation program.

B. Number of Each Type of Meal Served and Federal Reimbursement Rate

	: No. of meals served :		: Federal Reimbursement Rates 1/ :	
	1957 :	1958 :	1957 :	1958 (prelim.) :
	(Billion)		(Average cents)	
Type A Meal (1/3 - 1/2 daily:				
nutritional needs)	1.765	1.877	4.7 2/	4.4 2/
Type B Meal (same as A but :				
in smaller quantities) ...:	.002	.002	3.5 2/	3.6 2/
Type C Meal (1/2 pint of milk				
only) .....	.010	.010	1.3	.8
Total	1.777	1.889	4.7	4.4
Meals served free or at :				
reduced prices .....	.186	.201	-	-

1/ Maximum rate permitted: Type A - 9 cents; Type B - 6 cents; Type C - 2 cents.

2/ Average rate per complete meal with milk.

C. Method of Financing the Program

Item	Fiscal Year		
	1957	1958	1959 (Est.)
Federal Contribution:			
Direct appropriation			
School Lunch Act:			
Cash payments	\$83,915,000	\$83,825,000	\$93,600,000
Section 6	14,659,931	14,802,256	49,743,000 1/
Total	98,574,931	98,627,256	143,343,000
Donated commodities	131,972,002	75,961,833	74,700,000
Special Milk Program	60,036,063	65,599,019	70,000,000 2/
Total, Federal Contri-			
bution	290,582,996	240,188,108	288,043,000
State Contribution:			
State and local government:			
contributions	71,671,000	75,000,000	80,000,000
Other local contributions:	83,651,000	88,000,000	93,000,000
Payments by children	418,151,000	450,000,000	490,000,000
Total, State and local :			
Contributions	573,473,000	3/ 613,000,000	663,000,000
Total	864,055,996	853,188,108	951,043,000

1/ Includes \$35,000,000 authorized to be transferred from Section 32 for the purchase and distribution of agricultural commodities.

2/ Represents estimated requirements based upon expenditures during fiscal year 1958. Distribution of additional funds to schools is contingent upon justification of need. A total of \$75,000,000 is authorized for this program including nonprofit child-care institutions. (See Special Milk Status of Program).

3/ Preliminary.

D. Benefits to Agriculture:

Participating schools purchased more than \$460 million worth of food in local markets during the 1957-58 school year. Federal cash assistance funds financed \$83.8 million worth of these payments; State and local sources, the remainder. Thus, in 1958, each dollar of Federal cash assistance resulted in the expenditure of almost \$6 for food in local markets throughout the country. In addition to these local purchases, the schools utilized USDA donated commodities as reflected by the following tables.

E. Commodities Distributed to the School Lunch Programs during Fiscal Years 1957 and 1958:

Program and Commodity	Fiscal Year 1957		Fiscal Year 1958	
	Pounds	Amount	Pounds	Amount
<u>Section 6 - School Lunch</u>				
<u>Act:</u>				
Beans, canned	16,439,619	\$1,839,593	9,454,485	\$ 1,053,230
Beef, frozen ground	- -	- -	16,754,109	6,743,529
Corn, canned	5,482,386	597,032	- -	- -
Cherries, canned	- -	- -	9,099,527	1,261,194
Grapefruit sections	14,314,992	1,872,401	- -	- -
Orange juice, conc.	8,405,884	1,954,368	- -	- -
Peaches, canned	25,998,604	3,327,821	25,683,916	3,056,386
Peanut butter	5,739,560	1,510,078	- -	- -
Peas, canned	- -	- -	10,843,354	995,420
Plums, canned	7,251,201	670,011	- -	- -
Tomatoes, canned	22,695,259	2,199,171	17,538,830	1,692,497
Tomato paste	5,069,528	689,456	- -	- -
Total	111,397,033	* 14,659,931	89,374,221	* 14,802,256
* Excludes \$36,077 and \$9,165 respectively representing loss in shipment and failure to meet specification.				
<u>Section 32:</u>				
Beans	16,536,847	935,986	- -	- -
Butter	36,637,932	22,235,561	67,320,738	41,584,020
Cabbage	6,810,350	188,647	- -	- -
Cheese	18,113,727	7,250,925	24,880,407	9,837,713
Eggs, shell	30,017,190	8,590,920	- -	- -
Egg solids, dried	- -	- -	4,618,761	5,231,209
Grapefruit sections	- -	- -	6,460,728	868,968
Hamburger	71,323,062	25,619,244	- -	- -
Lard	16,544,203	2,989,538	- -	- -
Milk	15,308,207	2,926,929	18,925,000	3,415,962
Peanut butter	- -	- -	4,926,460	843,903
Pork products	52,072,240	31,172,974	- -	- -
Plums	338,576	31,657	- -	- -
Rice	12,660,743	1,549,675	- -	- -
Turkeys	22,583,829	9,004,172	- -	- -
Total	298,946,906	112,496,228	127,132,094	61,781,775
<u>Section 416:</u>				
Beans	11,798,814	891,990	17,915,346	1,556,844
Butter	9,641,802	5,063,875	1,546,623	992,158
Cheese	13,538,779	5,625,363	8,001,434	3,305,392
Cornmeal	17,742,118	1,135,495	16,553,907	1,120,700
Corn	540,000	22,626	- -	- -
Flour	46,135,229	3,229,466	58,680,540	4,553,610
Milk	8,254,420	1,655,837	2,173,599	411,027
Rice	9,177,701	1,759,365	19,738,562	2,240,327
Wheat	1,857,438	91,757	- -	- -
Total	118,686,301	19,475,774	124,610,011	14,180,058
T O T A L	529,030,240	146,631,933	341,116,326	90,764,089

- 71 -
F. Estimated Value of Commodities Distributed to the School Lunch Program
Fiscal Year 1958

State :	Section 6 :	Donated Commodities :	Total
Alabama	\$ 452,144 :	\$ 2,238,109 :	\$ 2,690,253
Alaska	6,765 :	38,232 :	44,997
Arizona	127,981 :	699,468 :	827,449
Arkansas	259,292 :	1,533,480 :	1,792,772
California	728,792 :	4,831,944 :	5,560,736
Colorado	130,182 :	708,096 :	838,278
Connecticut	144,761 :	1,003,647 :	1,148,408
Delaware	20,586 :	131,316 :	151,902
District of Col. ..	9,728 :	91,809 :	101,537
Florida	533,706 :	1,948,890 :	2,482,596
Georgia	592,607 :	2,403,896 :	2,996,503
Guam	539 :	9,665 :	10,204
Hawaii	125,646 :	437,453 :	563,099
Idaho	74,720 :	304,185 :	378,905
Illinois	542,360 :	2,924,883 :	3,467,243
Indiana	370,162 :	2,026,106 :	2,396,268
Iowa	295,859 :	1,303,070 :	1,598,929
Kansas	174,576 :	1,222,407 :	1,396,983
Kentucky	405,843 :	1,756,399 :	2,162,242
Louisiana	690,762 :	3,574,738 :	4,265,500
Maine	76,497 :	421,595 :	498,092
Maryland	197,066 :	491,268 :	688,334
Massachusetts	298,064 :	1,947,655 :	2,245,719
Michigan	393,887 :	2,645,121 :	3,039,008
Minnesota	365,862 :	1,395,485 :	1,761,347
Mississippi	298,515 :	1,202,481 :	1,500,996
Missouri	419,552 :	1,419,759 :	1,839,311
Montana	54,614 :	260,397 :	315,011
Nebraska	91,490 :	583,306 :	674,796
Nevada	16,550 :	58,522 :	75,072
New Hampshire	41,364 :	322,772 :	364,136
New Jersey	184,800 :	1,449,402 :	1,634,202
New Mexico	70,738 :	626,597 :	697,335
New York	929,665 :	4,020,142 :	4,949,807
North Carolina	735,533 :	2,665,142 :	3,400,675
North Dakota	70,879 ::	402,961 :	473,840
Ohio	667,396 :	3,435,903 :	4,103,299
Oklahoma	243,300 :	2,021,460 :	2,264,760
Oregon	167,599 :	749,556 :	917,155
Pennsylvania	631,671 :	2,943,982 :	3,575,653
Puerto Rico	169,535 :	2,129,501 :	2,299,036
Rhode Island	37,311 :	199,318 :	236,629
South Carolina	393,041 :	1,842,875 :	2,235,916
South Dakota	50,877 :	514,737 :	565,614
Tennessee	484,970 :	2,320,573 :	2,805,543
Texas	701,284 :	3,670,071 :	4,371,355
Trust Territories ..	- - :	26,388 :	26,388
Utah	111,967 :	681,588 :	793,555
Vermont	24,042 :	116,554 :	140,596
Virgin Islands	9,569 :	33,305 ::	42,874
Virginia	432,230 :	1,957,739 :	2,389,969
Washington	245,696 :	1,297,148 :	1,542,844
West Virginia	219,677 :	1,421,755 :	1,641,432
Wisconsin	245,665 :	1,392,573 :	1,638,238
Wyoming	34,339 :	106,409 :	140,748
Total	14,802,256 :	75,961,833 :	90,764,089

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service
Washington 25, D. C.

SL-1-59

NATIONAL SCHOOL LUNCH PROGRAM

APPORTIONMENT BY STATES OF FUNDS AVAILABLE FOR THE NATIONAL SCHOOL LUNCH PROGRAM
FISCAL YEAR 1959

STATE	PER CAPITA INCOME IN 1956 (U.S. \$1,940)	PER CAPITA INCOME INDEX a/	POPULATION 5-17 YEARS JULY 1, 1956 (3)	STATE INDEX b/	STATE QUOTIENT (5)	TOTAL APPORTIONMENT c/	STATE AGENCY (7)	PRIVATE SCHOOLS (8)	MATCHING PERCENT REQUIRED d/
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Alabama	\$ 1,229	1.57852	850,000	1,341,742.00	.0308264	\$ 2,885,351	\$ 2,799,830	\$ 85,521	190.05144
Alaska	2,600	.74615	38,500	28,726.78	.0006600	61,776	61,776	--	300.00000
Arizona	1,718	1.12922	279,000	315,052.38	.0072383	677,505	626,303	51,202	265.67011
Arkansas	1,088	1.78309	468,000	834,486.12	.0191722	1,794,518	1,758,356	36,162	168.24726
California	2,419	.80198	2,894,000	2,320,930.12	.0533231	4,991,042	4,991,042	--	300.00000
Colorado	1,863	1.04133	379,000	394,664.07	.0090674	848,709	775,586	73,123	288.09311
Connecticut	2,673	.72578	471,000	341,842.38	.0078538	735,116	735,116	--	300.00000
Delaware	2,858	.67880	91,000	61,770.80	.0014192	132,837	107,322	25,515	300.00000
District of Columbia	2,371	.81822	135,000	110,459.70	.0025378	237,538	237,538	--	300.00000
Florida	1,762	1.10102	838,000	922,654.76	.0211979	1,984,123	1,886,696	97,427	272.47461
Georgia	1,400	1.38571	986,000	1,366,310.06	.0313908	2,938,179	2,938,179	--	216.49551
Hawaii	1,700	(2.01245)	14,300	28,778.04	.0006612	61,888	52,200	9,688	275.25714
Idaho	1,773	1.09419	143,000	156,469.17	.0035949	336,483	272,623	63,860	274.17542
Illinois	1,587	1.22243	165,000	201,700.95	.0046341	433,752	418,367	15,385	245.41283
Indiana	2,383	.81410	2,031,000	1,653,437.10	.0379875	3,555,630	3,555,630	--	300.00000
Iowa	1,946	.99692	1,032,000	1,028,821.44	.0236370	2,212,423	2,212,423	--	300.00000
Kansas	1,651	1.17505	635,000	746,156.75	.0171429	1,604,575	1,426,852	177,723	255.30828
Kentucky	1,668	1.16307	474,000	551,295.18	.0126659	1,185,528	1,185,528	--	257.93804
Louisiana	1,324	1.46526	787,000	1,153,159.62	.0264937	2,479,810	2,479,810	--	204.74182
Maine	1,444	1.34349	795,000	1,068,074.55	.0245389	2,296,841	2,296,841	--	223.29902
Maryland	1,667	1.16377	218,000	253,701.86	.0058288	545,576	460,400	85,176	257.78290
Massachusetts	2,102	.92293	651,000	600,827.43	.0138039	1,292,045	1,073,653	218,392	300.00000
Michigan	2,206	.87942	1,007,000	885,575.94	.0203460	1,904,386	1,904,386	--	300.00000
Minnesota	2,156	.89981	1,784,000	1,605,261.04	.0368807	3,452,034	2,914,185	537,849	300.00000
Mississippi	1,745	1.11175	774,000	860,494.50	.0197698	1,850,453	1,545,556	304,897	269.84484
Missouri	964	2.01245	603,000	1,213,507.35	.0278302	2,609,587	2,609,587	--	149.07203
Montana	1,858	1.04413	907,000	947,025.91	.0217578	2,036,530	2,036,530	--	287.32054
Nebraska	1,862	1.04189	161,000	167,744.29	.0038539	320,725	320,381	40,344	287.93827
Nevada	1,588	1.22166	390,000	390,931.20	.0089816	840,678	740,188	100,490	245.56751
New Hampshire	2,413	.80398	56,000	45,022.88	.0010344	96,820	91,523	5,297	300.00000
New Jersey	1,812	1.07064	125,000	133,830.00	.0030747	287,792	287,792	--	280.20623
New Mexico	2,443	.79411	1,153,000	915,608.83	.0210360	1,968,970	1,534,417	434,553	300.00000
New York	1,494	1.29853	230,000	298,661.90	.0058617	642,255	642,255	--	231.03047
North Carolina	2,395	.81002	3,267,000	2,646,335.34	.0607992	5,690,805	5,690,805	--	300.00000
North Dakota	1,305	1.48659	1,172,000	1,742,283.48	.0400287	3,746,686	3,746,686	--	201.80413
Ohio	1,395	1.42125	164,000	233,085.00	.0053551	501,237	450,110	51,127	211.08179
Oklahoma	2,154	.90065	2,049,000	1,845,431.85	.0423986	3,968,509	3,351,702	616,807	300.00000
Oregon	1,561	1.24279	541,000	672,349.39	.0154471	1,445,849	1,445,849	--	241.39235
Pennsylvania	1,908	1.01677	400,000	406,708.00	.0093441	874,608	874,608	--	295.05198
Rhode Island	2,008	.96614	2,384,000	2,303,277.76	.0529175	4,953,078	3,951,789	1,001,289	300.00000
South Carolina	450	(2.01245)	791,000	1,591,847.95	.0365725	3,423,186	3,423,186	--	69.58765
South Dakota	2,012	.96421	174,000	167,772.54	.0038546	360,791	360,791	--	300.00000
Tennessee	1,133	1.71227	667,000	1,142,084.09	.0262392	2,455,989	2,422,612	33,377	175.20601
Texas	1,330	1.45865	169,000	246,511.85	.0056636	530,113	476,084	54,029	205.66963
Utah	1,317	1.47304	869,000	1,280,071.76	.0294095	2,752,729	2,672,892	79,837	203.66046
Vermont	1,686	1.15065	2,218,000	2,552,141.70	.0586351	5,488,245	5,166,017	322,228	260.72220
Virginia	1,633	1.18800	224,000	266,112.00	.0061139	572,261	565,605	8,656	252.52525
Washington	1,641	1.18221	89,000	105,216.69	.0024173	226,259	226,259	--	253.76202
West Virginia	1,647	1.17790	900,000	1,060,110.00	.0243559	2,279,712	2,174,693	105,019	254.69055
Wisconsin	550	(2.01245)	8,900	17,910.80	.0004115	38,516	38,516	--	85.05161
Wyoming	2,022	.95945	615,000	590,061.75	.0135566	1,268,858	1,167,580	101,318	300.00000
Alaska	1,420	1.36620	525,000	717,255.00	.0164788	1,542,416	1,501,842	40,574	219.58718
Idaho	1,864	1.04077	879,000	914,836.83	.0210183	1,967,313	1,495,689	471,624	288.24812
Montana	1,875	1.03467	77,000	79,669.59	.0018304	171,325	171,325	--	289.94752
TOTAL	--	--	39,677,700	43,525,798.47	1.0000000	93,600,000	88,351,591	5,248,409	--

United States per capita income (\$1,940) divided by State per capita income, except for Guam, Puerto Rico and the Virgin Islands which are assigned the same per capita income index as Mississippi in accordance with the amendment to Section 4 of the National School Lunch Act. This amendment provides that the apportionment to Guam, Puerto Rico and the Virgin Islands shall not exceed 3 percent of the funds appropriated except that in the case of the first apportionment from any annual or supplemental appropriation, the apportionment to Guam, Puerto Rico and the Virgin Islands shall not be less than that amount which will result in an allotment per child of school age equal to the allotment per child of school age in the State (other than Guam, Puerto Rico and the Virgin Islands) having the lowest per capita income among the States participating in such first apportionments.

Per capita income index multiplied by population of ages 5-17, inclusive.

Total of funds apportioned multiplied by State quotients. Under the National School Lunch Act, as amended, not less than 75 percent of the total funds available must be apportioned to the States and Territories. Breakdown between State agency and private schools is based on relative enrollment in public and nonprofit private schools as provided in Section 10 of the National School Lunch Act for any State in which the State Educational Agency by law is not permitted to disburse funds paid to it under this Act to nonprofit private schools.

According to Section 7 of the National School Lunch Act, during fiscal year 1959 each State must match three dollars for each dollar of the Federal Government's apportionment to the State, except that, in the case of a State in which the per capita income is below that of the United States, the matching ratio required is decreased by the percentage which the State's per capita income is below the per capita income of the United States. The actual amount of funds required for matching is then determined by taking this percentage of the amount of the total Federal apportionment to the State.

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service

NATIONAL SCHOOL LUNCH PROGRAM

SL-2-58
Revised

NUMBER OF CHILDREN AND SCHOOLS PARTICIPATING
Fiscal Year 1958 1/

STATE	CHILDREN IN ELEMENTARY AND SECONDARY SCHOOLS			ELEMENTARY AND SECONDARY SCHOOLS	
	Total	Number	Percent	Number	
	Enrollment 2/	Participating	Participation	Participating	
	(1)	(2)	(3)	(4)	
NORTHEAST					
Connecticut	496,057	112,683	22.7	536	
Delaware	84,492	18,113	21.4	104	
District of Columbia 3/	132,851	71,787	54.0	186	
Maine	219,128	65,547	29.9	571	
Maryland	634,048	153,422	24.2	727	
Massachusetts	1,001,573	235,006	23.5	1,078	
New Hampshire	125,036	37,994	30.4	326	
New Jersey	1,175,670	141,786	12.1	885	
New York	3,248,260	685,349	21.1	3,214	
Pennsylvania	2,360,132	481,913	20.4	2,201	
Rhode Island	165,530	27,965	16.9	153	
Vermont	85,577	31,129	36.4	366	
West Virginia	468,175	175,491	37.5	1,568	
Area	10,196,529	2,238,185	22.0	11,915	
SOUTHEAST					
Alabama	779,440	320,702	41.1	1,437	
Florida	838,119	374,365	44.7	1,160	
Georgia	954,764	428,856	44.9	1,679	
Kentucky	667,736	303,067	45.4	1,388	
Mississippi	564,760	217,583	38.5	969	
North Carolina	1,050,842	526,577	50.1	1,724	
Puerto Rico	605,691	235,578	38.9	1,802	
South Carolina	544,030	284,366	52.3	1,144	
Tennessee	778,990	352,587	45.3	1,972	
Virginia	814,780	308,099	37.8	1,363	
Virgin Islands	8,486	4,779	56.3	30	
Area	7,607,638	3,356,559	44.1	14,668	
MIDWEST					
Illinois	2,038,086	417,780	20.5	2,628	
Indiana	982,738	305,374	31.1	1,419	
Iowa	616,450	235,576	38.2	1,303	
Michigan	1,772,731	307,457	17.3	1,678	
Minnesota	771,090	302,450	39.2	1,367	
Missouri	898,337	318,215	35.4	2,345	
Nebraska	298,230	75,476	25.3	521	
North Dakota	142,578	56,905	39.9	825	
Ohio	2,020,819	567,931	28.1	2,172	
South Dakota	152,889	39,386	25.8	439	
Wisconsin	850,210	212,392	25.0	1,901	
Area	10,544,158	2,838,942	26.9	16,598	
SOUTHWEST					
Arkansas	427,310	192,502	45.0	991	
Colorado	375,602	105,032	28.0	751	
Kansas	483,259	140,680	29.1	1,117	
Louisiana	744,652	520,936	70.0	1,544	
New Mexico	211,284	59,706	28.3	405	
Oklahoma	548,054	180,555	32.9	1,698	
Texas	1,998,001	536,206	26.8	3,112	
Area	4,788,162	1,735,617	36.2	9,618	
WESTERN					
Alaska	35,746	4,180	11.7	28	
Arizona	288,117	94,594	32.8	376	
California	3,086,649	590,517	19.1	3,094	
Guam	14,662	564	3.8	2	
Hawaii	156,250	92,481	59.2	182	
Idaho	152,137	56,523	37.2	450	
Montana	149,384	43,075	28.8	474	
Nevada	55,005	10,189	18.5	70	
Oregon	388,120	127,148	32.8	730	
Utah	212,517	87,227	41.0	409	
Washington	610,278	193,642	31.7	1,127	
Wyoming	78,843	23,087	29.3	189	
Area	5,227,708	1,323,227	25.3	7,131	
GRAND TOTAL	38,364,195	11,492,530	30.0	59,930	

1/ Data are for December 1957 and represent the average number of children participating in the program for that month. The number of schools and children may have been higher in some States during other months but December was the peak month of participation nationally.

2/ Source: Latest data available from the U.S. Office of Education. Enrollment data for public schools is for Fall 1957. Private school enrollment is for 1955-56.

3/ Data for the District of Columbia includes participation in the Type C, or milk only, lunch authorized under the National School Lunch Program. Reimbursement for this type has been discontinued in the other States.

STATUS OF THE SPECIAL MILK PROGRAM

Authority

The Special Milk Program was initially authorized to operate in non-profit schools of high school grade and under. Late in fiscal year 1956, legislation was enacted to expand the program to nonprofit summer camps and child-care institutions devoted to the care and training of underprivileged children on a special welfare or charitable basis. In July 1956, the legislation was amended to further expand the program to all nonprofit summer camps and child-care institutions devoted to the care and training of children. The program has been extended through fiscal year 1961 with an annual authorization to use Commodity Credit Corporation funds up to \$75,000,000.

Purpose

The primary objective of the program is to increase the consumption of fluid milk by children.

Operation

1. Assistance is provided, in the form of reimbursement payments, to eligible schools and child-care institutions to help them to inaugurate a milk service or to expand the existing service through reducing prices to children and establishing new times of service.
 - a. In those schools and child-care institutions which offer milk to children as a separately priced item, the amount of reimbursement provided, within the maximum established rates, depends upon the cost of milk to the school or institution and and the proposed selling price to children.
 - b. In those schools and child-care institutions that do not sell milk separately to children, the reimbursement rate will be 2¢ per half pint of milk served to children.
2. The maximum reimbursement rate for milk sold to children is 3¢ per half pint except that schools which also participate in the National School Lunch Program may receive up to the maximum of 4¢ reimbursement rate per half pint. However, National School Lunch Program schools cannot claim reimbursement for the first half pint of milk served as a part of the Type A lunch.
3. The maximum reimbursement to camps and child-care institutions is 3¢ for each half pint served. Within this maximum, payments are related to the cost of additional milk served.
4. Provisions have been established to insure that maximum use of the reimbursement payments is made to reduce the price of milk to children as a means of encouraging increased consumption. Schools, camps, and child-care institutions where milk is not offered to children as a separately priced item must submit for approval the specific methods and practices by which they will increase milk consumption under the program.

5. The program is administered within the States by the State Agencies to the greatest extent possible. Funds for reimbursement payments are advanced to State Agencies in amounts consistent with anticipated program needs.
6. No Federal funds are used by the State Agencies for administering this program in the States. However, it has been determined that the total Federal costs, i.e., the cash reimbursements and the administrative expenses, are limited to \$75,000,000 each fiscal year. The costs of Federal administration are charged to an allocation from the administrative expense limitation of the Commodity Credit Corporation.

Selected examples of recent progress

From 1957 to 1958 the number of participating schools and institutions increased from 71,239 to over 76,000. The number of one-half pints of milk reimbursed increased from over 1.7 billion in 1957 to over 1.9 billion in 1958. During this same period, expenditures rose from \$60.4 million to \$66.7 million.

Special Milk Program
Number of Half-pints of Milk Reimbursed

	FISCAL YEAR	
	1957	1958
	(Thousands)	
July	1,839	16,830
August	4,551	11,649
September	148,308	188,174
October	230,533	233,438
November	194,354	192,492
December	146,955	161,583
January	207,379	221,194
February	192,155	203,639
March	208,730	226,405
April	181,471	201,861
May	188,184	201,633
June	48,221	58,822
Total	1,752,680	1,917,720

Major simplifications were made in the operation of special milk programs in schools, camps, and institutions that do not sell milk as a separately priced item in order to permit such outlets to increase the amount of fluid milk served to children. Over 3,000 summer camps and recreational programs participated during the summer of 1958, an increase of about 1,000 over the number which participated in 1957. To assist summer camps and child-care institutions to better understand their obligations under the special milk program agreement, a guide was developed entitled Now That You're In The Special Milk Program. Another pamphlet related the "why and how" of the program and suggested ways that milk consumption could be increased.

Tables I and II which follow report by State the operations for 1958 and estimated obligations for 1959.

Special Milk Program Preliminary
Report of Special Milk Program Operations - Fiscal Year 1958

State	Number of Outlets: Participating	Est. No. Of Half-Pints: of Milk Reimbursed	Est. Federal Expenditures
	(Thousand)		
Alabama	1,442	30,027	\$ 1,014,037
Alaska	26	443	15,905
Arizona	417	11,142	371,980
Arkansas	1,051	16,101	615,164
California ...	5,073	196,970	6,458,485
Colorado	879	15,905	529,686
Connecticut	692	20,890	689,405
Delaware	126	5,000	185,939
District of Col.:	186	11,927	341,644
Florida	1,210	34,765	1,090,491
Georgia	1,559	25,317	906,044
Hawaii	178	4,731	174,618
Idaho	431	4,814	167,534
Illinois	4,211	143,012	5,131,671
Indiana	1,666	42,410	1,532,465
Iowa	2,114	40,463	1,474,602
Kansas	1,128	21,301	721,732
Kentucky	1,423	28,805	1,083,169
Louisiana	945	11,144	453,000
Maine	819	8,958	296,298
Maryland	1,004	34,160	1,238,622
Massachusetts ..	2,369	78,685	2,569,773
Michigan	4,342	114,959	3,902,464
Minnesota	2,541	51,735	1,876,681
Mississippi ...	1,041	22,608	860,479
Missouri	2,921	48,816	1,835,574
Montana	343	3,998	144,688
Nebraska	679	11,555	404,042
Nevada	114	2,110	61,250
New Hampshire ..	348	5,257	184,433
New Jersey	1,404	46,944	1,653,183
New Mexico	544	18,490	595,392
New York	4,565	214,070	8,089,148
North Carolina ..	2,009	32,789	1,135,630
North Dakota ..	391	5,790	216,550
Ohio	3,446	124,603	4,071,128
Oklahoma	1,155	23,111	747,673
Oregon	799	12,958	424,253
Pennsylvania ..	4,741	96,435	3,052,903
Rhode Island ..	297	8,478	274,680
South Carolina :	1,042	14,237	480,454
South Dakota ..	472	10,435	340,452
Tennessee	2,217	44,073	1,510,720
Texas	3,256	55,326	2,150,110
Utah	323	4,633	171,620
Vermont	381	3,900	136,800
Virginia	1,419	35,808	1,253,527
Washington	1,174	29,181	1,102,482
West Virginia .	992	10,407	375,638
Wisconsin	4,385	74,548	2,510,411
Wyoming	188	3,496	131,331
Total	76,478	1,917,720	66,755,960

- 75 -
Special Milk Program
Estimated Obligations - Fiscal Year 1959

TABLE II

State	Preliminary	
	Total Available	To State Agencies
		To Individual Outlets
Alabama	\$ 1,064,738	\$ 1,014,601
Alaska	16,700	16,700
Arizona	390,579	306,580
Arkansas	649,058	604,970
California	6,781,409	6,781,409
Colorado	561,420	481,950
Connecticut	723,875	723,875
Delaware	198,307	182,194
District of Columbia	358,726	358,726
Florida	1,144,070	1,038,860
Georgia	951,346	944,416
Hawaii	183,349	128,607
Idaho	175,911	157,748
Illinois	5,388,255	5,388,255
Indiana	1,609,088	1,609,088
Iowa	1,548,332	1,352,822
Kansas	757,819	757,819
Kentucky	1,137,327	1,137,327
Louisiana	475,650	475,650
Maine	311,113	242,025
Maryland	1,302,011	1,155,393
Massachusetts	2,698,262	2,698,262
Michigan	4,097,587	3,393,352
Minnesota	1,970,515	1,673,139
Mississippi	903,503	903,503
Missouri	1,927,353	1,912,233
Montana	151,923	124,691
Nebraska	424,244	336,569
Nevada	64,312	51,182
New Hampshire	193,655	186,245
New Jersey	1,735,842	1,545,980
New Mexico	640,911	313,266
New York	8,495,300	8,495,300
North Carolina	1,192,412	1,192,412
North Dakota	227,377	180,652
Ohio	4,351,359	3,675,999
Oklahoma	785,057	785,057
Oregon	445,465	440,484
Pennsylvania	3,208,827	2,817,892
Rhode Island	288,414	288,414
South Carolina	525,505	501,670
South Dakota	357,475	314,114
Tennessee	1,586,256	1,497,741
Texas	2,268,117	2,088,902
Utah	182,617	166,368
Vermont	143,640	143,640
Virginia	1,316,203	1,221,283
Washington	1,157,605	1,038,736
West Virginia	394,419	362,280
Wisconsin	2,635,932	1,987,957
Wyoming	137,898	137,898
Unallocated *	4,104,832	--
Total	74,341,900	65,333,836
		4,903,232

* To be allotted as needs arise during the year.

(d) Perishable Agricultural Commodities Act Fund

Appropriation, 1959 and base for 1960 (from receipts)	\$675,000
Budget Estimate, 1960 (from receipts)	<u>685,000</u>
Increase in annual permanent appropriation due to estimated increase in revenue	<u>+10,000</u>

Note: A total of \$1,046,327 is estimated to be available for obligation in fiscal year 1960, including an unobligated balance of \$361,327 to be carried forward from 1959. Of this total, the estimates forecast obligations of \$749,300 for fiscal year 1960, leaving a carryover of \$297,027 into fiscal year 1961.

PROJECT STATEMENT
(on basis of available funds)

Project	1958	1959	Increase or Decrease	1960
		(estimated)		(estimated)
Licensing dealers and handling complaints	\$592,089	\$708,300	+\$41,000(1)	\$749,300
Unobligated balance brought forward	-311,738	-394,627	+33,300	-361,327
Unobligated balance carried forward	394,627	361,327	-64,300	297,027
Total pay act costs (P.L. 85-462)	[22,828]	[59,522]	[- -]	[59,522]
Total appropriation or estimate :	674,978	675,000	+10,000	685,000

INCREASE

(1) An increase of \$41,000 to place on a full-year basis the expansion made in 1959 to carry out the provisions of the Perishable Agricultural Commodities Act, as amended.

Need for Increase: Additional technical and clerical personnel were recruited during 1958 and 1959 to handle the increased workload resulting from Public Law 842, 84th Congress, approved July 30, 1956. The amendment to the Perishable Agricultural Commodities Act strengthened the enforcement and effectiveness of the basic legislation. The workload is gradually increasing also due to additional licensees under the Act. It is currently estimated that the number of licensees will increase by about 1600 by the close of 1960 over the 25,000 licensed on June 30, 1958.

In view of the expanded workload a sufficient complement of personnel qualified to carry a full workload with maximum efficiency must be maintained. At present, six technical employees assigned to this activity are eligible for retirement. In the interest of maintaining the most economical operation in the long run, there is need for recruitment and training of additional personnel to fill vacancies to be created by retirement of these senior technical employees.

The \$685,000 income estimated in 1960 from annual license fees would provide for all but \$64,300 of the estimated costs, and this amount is available from unobligated funds of prior years.

STATUS OF PROGRAM

Current Activities:

This special fund, comprised principally of annual license fees, is used for the administration of the Perishable Agricultural Commodities, Produce Agency, and Export Apple and Pear Acts. These laws are designed to (1) protect producers, distributors, consumers and others from unfair and fraudulent practices in the marketing of perishable agricultural commodities; (2) prevent the unwarranted destruction or dumping of farm products handled for and on behalf of others; and (3) promote foreign trade in apples and pears.

All commission merchants, dealers and brokers who handle fresh or frozen fruits and vegetables in interstate and foreign commerce must be licensed under the Perishable Agricultural Commodities Act. Handlers are required to give shippers a true and correct accounting for commodities sent for sale in the market. Buyers and sellers must live up to the terms of their contracts; false or misleading statements, misbranding, etc., are prohibited.

Any interested party or agency may request the assistance of the Department in settling disputes under the law. The Department will promptly communicate with the respondent party; make necessary investigation; endeavor to bring about an amicable informal settlement; take formal action, if necessary; give each party an opportunity to present his side fully; determine the loss or amount of damage to be paid; and issue a formal order calling for reparation. If violations are repeated or flagrant, disciplinary action may be taken by the Department seeking to suspend or revoke the offender's license. The majority of cases involve questions of quality and condition. Evidence consists principally of inspection certificates and other pertinent documents furnished by complainants and respondents.

Activities under these acts include licensing, collecting fees, investigating and handling complaints and violations and working with growers and shippers to correct and prevent misbranding of produce thereby reducing the number of potential complaints.

Financing:

License Fees:

Annual license fees of \$25 together with arrearage fees, and appropriations, if any, for this work are deposited into a special fund. With the exception of legal services, all expenses for administration of the Perishable Agricultural Commodities, Produce Agency, and Export Apple and Pear Acts are paid from this fund.

Revenue and Obligations:

Item	Revenue Collected and Obligations Incurred				
	1956	1957	1958	1959 (Est.)	1960 (Est.)
Fees and arrearages collected.....	\$438,637	\$532,690	\$674,978	\$675,000	\$685,000
Appropriation for retirement costs (Transferred from "Marketing Services").....			25,400	25,400	25,400
Balance from prior years used.....	55,041			33,300	64,300
Obligations.....	493,678	525,353	617,538	733,700	774,700

Selected Examples of Recent Progress and Trends

Perishable Agricultural Commodities Act

Enforcement Program Strengthened: The vigorous enforcement program initiated during 1957 has continued and has received widespread support and cooperation of shippers and dealers.

The practice inaugurated in 1957 of spot-checking produce to combat the problem of shipment and sale of misbranded produce was expanded during 1958. These "spot-checks" help to assure that produce being prepared for shipment or offered for sale in interstate and foreign commerce **does not bear false or misleading markings** as to grade, size, State, country or region of origin, and weight.

Investigations were conducted in 20 States and the District of Columbia in fiscal year 1958 in connection with the shipping point activities. Investigators visited 785 packing sheds; made 355 rechecks; and contacted 1677 members of the industry. Approximately 101 misbranding violations were discovered and, in practically all cases, corrections were made in the presence of the investigator.

The misbranding program is being further expanded to include regular terminal market operators of all types, such as service wholesalers, commission merchants, repackers, and other dealers.

Spot checks of repackers in 30 markets were made during the year. Included were markets in New York, Chicago, Philadelphia and Detroit. Of the several hundred lots examined, only 8 misbranded lots were found and no deliberate misbranding was found among this group.

PACA Marketing Clinics Conducted: Meetings of this type between the Department and the produce industry afford an opportunity for those attending, to understand and discuss the work conducted by the Department under this program. Clinics were held during the year at Weslaco, Laredo and Hereford, Texas and at Atlanta, Georgia. Many favorable comments were received from the industry in connection with these meetings.

Members of Industry Called to Washington: Outstanding members of the industry were invited to attend a meeting in Washington in June 1958 to give counsel and advice on how to provide the services necessary to meet the needs of the industry.

The conference was directed toward determining (1) the types of service the industry needs most; and (2) what standards and procedures can best provide those services. General approval of the Department's policies and procedures was given by the industry. Several problems were suggested for further study and are to be considered at a subsequent meeting.

Licensing Down: Licenses in effect as of June 30, 1958 totalled 25,032 compared with 25,987 a year earlier. The decrease in the number of licenses is due principally to the unfavorable weather conditions which prevailed over many sections of the country. This affected the growing and distribution of crops. Many small seasonal operators who normally obtained or renewed their licenses permitted them to terminate because of the unsettled market conditions. The licensing activity and number of licenses in effect at the end of the past 3 years and estimated for 1959 and 1960 are as follows:

Activity	Fiscal Year				
	1956	1957	1958	1959(Est.)	1960(Est.)
Licenses renewed....	20,553	20,242	19,727	21,000	21,500
New Licenses issued..	6,285	5,745	5,305	5,000	5,100
Licenses terminated..	6,269	6,596	6,260	5,000	5,000
Total actions.....	33,107	32,583	31,292	31,000	31,600
In effect June 30...	26,838	25,987	25,032	26,000	26,600

Complaints and Reparations Increase: The 2,688 complaints handled in 1958 included 737 from fiscal year 1957 and 32 reopened during 1958. A total of 2,003 of these cases were settled during 1958, leaving 685 cases to be handled during 1959.

The increase in total complaints handled in 1958 was due principally to the increase in cases pending at the close of 1957. There were more cases closed by formal and informal amicable settlements during 1958, and the carry-over into 1959 of cases pending settlement is the smallest since 1947.

The increase of \$359,000 in reparations awards over fiscal year 1957 is due principally to one award amounting to \$245,000. It was the largest reparation award in the history of the Act but was not paid due to the respondent's financial condition.

Analysis of Complaint Work and Reparations Awarded:

Item	Fiscal Year				
	1956	1957	1958	1959(Est.)	1960(Est.)
<u>Complaints:</u>					
On hand, July 1.....	760:	692:	737:	685:	675
Received or reopened:	2,140:	1,962:	1,951:	2,100:	2,300
Total to be handled	2,900:	2,654:	2,688:	2,785:	2,975
Formal decisions.....	288:	223:	296:	250:	260
Informal amicable settlements.....	1,036:	880:	921:	1,050:	1,100
Otherwise closed.....	884:	814:	786:	810:	960
Pending June 30.....	692:	737:	685:	675:	655
<u>Reparations:</u>					
Awarded-Formal orders	\$299,523:	\$234,298:	\$592,662:	\$260,000:	\$280,000
Payments-Amicable settlements.....	975,962:	1,212,993:	993,837:	1,220,000:	1,250,000
Total.....	1,275,485:	1,447,291:	1,586,499:	1,480,000:	1,530,000

Basis for Settlements: Most settlements are made on the basis of precedents established by Secretary's Orders in previous cases handled. These decisions, published and made available to members of the produce industry, are used by them as the basis for settling disputes informally. Cases referred to the Department are, in general, those which are difficult and which the interested parties are unable to settle among themselves. In fiscal year 1958 there were 296 formal decisions, an increase of 73 over the previous year.

Investigations Made and Settlements Reached: Investigations were conducted in 712 of the 2,688 cases handled. 2,003 of these were closed, and 7 submitted to arbitration, a reduction from the 17 cases submitted in fiscal year 1957.

There was an increase in 1958 of 86 in the number of complaints closed. However, personal investigations were reduced by 57, from 769 to 712. This was due to 6 investigators devoting a larger portion of their time to the expanded misbranding program.

There were 128 disciplinary complaints filed including 70 on misbranding. All misbranding cases were closed on the basis of warnings and agreements that similar violations would not occur in the future. The remaining cases involved questioning the applicant's fitness to hold a license, failure to maintain adequate records or render accurate accountings, operating without a valid license, or other violations.

Produce Agency Act Cases Handled: There were 36 new cases filed compared with 48 in the preceding year. 28 cases were carried over making a total of 64 cases handled during 1958. There were 32 cases closed, compared with 48 during 1957. Of the cases closed, 12 were by amicable settlement and 20 because of insufficient evidence, lack of jurisdiction, or withdrawn by complainants. There were 32 cases pending at close of the fiscal year. The product involved in most complaints was cut flowers. At the close of the fiscal year, 3 cases were awaiting trial in Federal Courts. No Court penalties were imposed under the Produce Agency Act during fiscal year 1958.

Export Apple and Pear Act: The minimum grade requirement for fresh apples shipped for export changed from U. S. Utility to U. S. No. 1 Cookers effective October 11, 1957. This change, the first since 1933, was made because information received from the industry indicated that "Utility" apples were not generally acceptable in foreign markets. Provision was made to allow shippers to fulfill contracts entered into before the effective date of the revised regulation, in accordance with contract terms.

Six complaints were filed under this Act during the 1958 fiscal year. All cases were settled by corrective action or by warnings.

(e) Removal of Surplus Agricultural Commodities
(Section 32)

Appropriation, 1959	\$235,936,663
Transferred to:	
Department of Interior to "Promote and develop fishery products and research pertaining to American fisheries, Fish and Wildlife Service," pursuant to P.L. 1024, 84th Cong.	-4,786,415
School Lunch Program, pursuant to 1959 Appropriation Act	-35,000,000
Activities proposed in 1960 Budget for transfer to "Salaries and expenses, Foreign Agricultural Service"	-2,493,000
Base for 1960	193,657,248
Budget Estimate, 1960:	
Annual permanent appropriation	\$246,000,000
Less transfers to:	
Department of Interior, pursuant to P.L. 1024, 84th Cong.	-4,800,000
Salaries and expenses, Foreign Agricultural Service	-2,593,000
	a/238,607,000
Increase (in annual permanent appropriation for Section 32 purposes)	+44,949,752

a/ In addition, an unobligated balance of \$300,000,000 carried forward from 1959 will be available. Of the total of \$538,607,000, the 1960 estimates forecast obligations of \$150,000,000. This would result in an unobligated balance of \$388,607,000, of which \$300,000,000 would carry forward into fiscal 1961 and \$88,607,000 would revert to the U. S. Treasury.

PROJECT STATEMENT
(On basis of available funds)

Project	1958	1959 (estimated)	Increase or Decrease	1960 (estimated)
1. Commodity program payments:				
a. Direct purchases ..	\$124,471,285)))
b. Export payments ...	- -)	\$145,506,400)	- -	)\$145,506,400
c. Diversion payments	2,719,691)))
2. Surplus removal operating expenses	2,224,392:	2,668,600:	- -	2,668,600
3. Marketing agreements and orders	1,682,040:	1,825,000:	- -	1,825,000
Total obligations	131,097,408:	150,000,000:	- -	150,000,000
Unobligated balance no longer available	83,585,747:	43,657,248:	+\$44,949,752:	88,607,000
Unobligated balance carried forward	300,000,000:	300,000,000:	- -	300,000,000
Total available	514,683,155:	493,657,248:	+44,949,752:	538,607,000
Recovery of prior year obligations	-2,632,912:	- -	- -	- -
Unobligated balance brought forward	-297,948,852:	-300,000,000:	- -	-300,000,000
Total pay act costs	[147,605]:	[349,365]:	- -	[349,365]
Subtotal	214,101,391:	193,657,248:	+44,949,752:	238,607,000

(Continued on next page)

Project	1958	1959 (estimated)	Increase or Decrease	1960 (estimated)
Transferred to:				
Department of the Interior pursuant to P.L. 1024, 84th Cong.	4,651,151:	4,786,415:	+13,585:	4,800,000
School Lunch Program pursuant to P.L. 85-459	- -	35,000,000:	-35,000,000:	- -
Salaries and expenses, Foreign Agricultural Service	- -	- -	+2,593,000:	2,593,000
Transfer in 1960 estimates to Foreign Agricultural Service	2,125,616:	2,493,000:	-2,493,000:	- -
Total appropriation or estimate	220,878,158:	235,936,663:	+10,063,337:	246,000,000

EXPLANATION

Use of Section 32 funds to stabilize market prices may be achieved by an announcement that the Department stands ready to enter the market or by actual participation in the market. The extent to which funds actually will be obligated and expended will depend upon the method employed to accomplish the objective. Further the type of program to be developed will depend upon the action which will best solve the particular surplus removal problem which exists at the time. Generally, removal of surpluses outside normal channels of trade is accomplished primarily through purchases, which are subsequently donated to schools, institutions and needy persons, with schools getting first priority.

Total fund requirements for 1960 are projected at the 1959 level and provide for needs as now foreseen. If unexpected troublesome surpluses develop, steps would be taken to use additional funds for their removal as conditions might warrant.

With the large supply of feed grains and the potential availability of animal proteins, it is probable that a major part of the funds budgeted may be required for the purchase and distribution of these protein foods which are not covered by the CCC price support program.

Fund Availability and Balances

The following table summarizes the estimated total funds available for Section 32 activities and the estimated balance carried forward for fiscal years 1958, 1959 and 1960.

Item	1958	1959 (estimated)	1960 (estimated)
Balance from prior year	\$297,948,852:	\$300,000,000:	\$300,000,000
Recovery of prior year obligations ..	2,632,912:	- -	- -
Appropriation or estimate	220,878,158:	235,936,663:	246,000,000
Transfer to:			
Interior Department	-4,651,151:	-4,786,415:	-4,800,000
School Lunch program	- -	-35,000,000:	- -
Salaries and expenses, Foreign Agricultural Service	- -	- -	-2,593,000
Transfer in 1960 estimates to Foreign Agricultural Service	-2,125,616:	-2,493,000:	- -

(Continued on next page)

Item	1958	1959 (estimated)	1960 (estimated)
Total	514,683,155:	493,657,248:	538,607,000
Obligations	-131,097,408:	-150,000,000:	-150,000,000
Unobligated balance no longer available	-83,585,747:	-43,657,248:	-88,607,000
Unobligated balance carried forward to subsequent years	300,000,000:	300,000,000:	300,000,000

Current Activities:

Under Section 32 of the Act of August 24, 1935, as amended (7 USC 612c), an amount equal to 30 percent of customs receipts during each calendar year and unused balances up to \$300 million are available for encouraging the exportation and domestic consumption of agricultural commodities. Current activities for removing from the market surplus agricultural commodities include:

- (a) Purchases for distribution through State distributing agencies to school lunch programs, and to welfare agencies and institutions eligible to receive such purchases.
- (b) Encouragement of exports through payments which will permit the sale of surplus commodities in foreign markets.
- (c) Encouragement of domestic consumption by diversion from normal channels of trade to by-products and new uses.

The basic authority also provides that these funds shall be devoted principally to perishable nonbasic agricultural commodities and their products, other than those receiving price support under Title II of the Agricultural Act of 1949, as amended. These commodities are: tung nuts, honey, milk, butterfat, and the products of milk and butterfat. It has been determined that this provision can be legally satisfied by setting aside or reserving the principal portion of Section 32 funds for the use of perishable nonbasic agricultural commodities when the occasion arises warranting their use for such purpose. The remainder of the funds may then be used for other authorized purposes. Not to exceed 25 percent of funds available under the Act may be used for any one commodity or product thereof.

Public Law 540 (84th Congress) authorizes the appropriation of an additional \$500,000,000 annually to further carry out the purposes of Section 32, of which not to exceed 50 percent of such funds may be used for any one commodity.

Section 32 funds are also used for operating expenses consisting of:

- (a) Surplus removal operating expenses which include administrative costs for direct removal of surpluses from the market, and distribution by the Agricultural Marketing Service of Section 32 and CCC commodities to eligible outlets. These funds are also used to encourage food preservation and marketing of abundant foods through the food trades.
- (b) The administration of marketing agreements and orders which aim to establish and maintain orderly marketing conditions for certain commodities and their products.
- (c) Development of markets in foreign countries for U.S. surplus or potentially surplus agricultural commodities.

(d) Administration of import programs under Section 22 of the Agricultural Adjustment Act of 1933, as amended.

A discussion of activities (c) and (d) will be found in the justifications for the Foreign Agricultural Service.

Selected Examples of Recent Progress and Trends:

A. Purchase of agricultural commodities for distribution to authorized agencies:

1. During the fiscal year 1958, approximately 335.7 million pounds of agricultural commodities at a cost of approximately \$124.5 million were purchased for distribution through authorized agencies. Distribution was made by 81 agencies to an increased number of participants as compared with 1957.

	<u>1957</u>	<u>1958</u>
(1) School children	11,908,693	13,640,502
(2) Persons in eligible institutions	1,395,534	1,388,033
(3) Individual welfare recipients (peak month)	3,485,297	4,665,479

2. Commodities Purchased during Fiscal Years 1957 and 1958 for Distribution Through Authorized Agencies

Commodity	<u>1957</u>		<u>1958</u>	
	Pounds	Value	Pounds	Value
Dairy Products:				
Butter	38,837,824	\$24,424,931	102,498,369	\$63,435,217
Cheese	44,903,776	18,486,826	87,919,933	34,922,108
Milk	60,440,653	11,968,500	133,705,736	24,273,565
Beans	25,041,970	2,058,851	- -	236 ^{1/}
Cornmeal	8,830,300	378,360	- -	- -
Fruits:				
Grapefruit	- -	- -	6,458,700	868,469
Plums	2,228,200	258,420	- -	- -
Livestock Products:				
Beef	71,862,980	25,737,517	- -	- -
Lard	21,560,316	4,018,631	- -	- -
Pork products ...	6,457,293	3,614,742	- -	- -
Peanut butter	- -	- -	5,075,369	869,287
Poultry Products:				
Eggs, shell	37,213,823	10,650,674	- -	- -
Eggs, solids	4,746,150	5,273,168	- -	102,374 ^{1/}
Turkeys	25,409,200	10,131,831	- -	- -
Rice	31,914,850	3,405,009	- -	- -
Vegetables:				
Cabbage	9,697,300	269,267	- -	- -
Wheatflour	15,265,650	854,435	- -	- -
GAO settlements ...	- -	-6,910	- -	29
Total	404,410,285	121,524,252	335,658,107	124,471,285

^{1/} Prior year transportation and related costs.

B. Encouragement of exportation of agricultural commodities:

Quantity of Commodities Exported and Payments Made
During Fiscal Year 1957 No Export Programs
Were in Effect in 1958

Commodity	Unit	1957	
		Quantity	Payment
Fruits:			
Citrus juice blend, ss	:case:	2,301	\$704
Citrus juice blend, conc. ..	:gal.:	226	52
Citrus salad	:case:	1,189	684
Grapefruit, fresh	:box :	40,949	20,492
Grapefruit, conc.	:gal.:	20,425	6,668
Grapefruit, ss	:case:	14,339	7,584
Grapefruit, canned	:case:	6,337	3,712
Oranges, fresh	:box :	911,550	454,885
Orange juice, conc.	:gal.:	93,332	33,056
Orange juice, ss	:case:	36,734	11,395
Tangerine juice, conc.	:gal.:	5,998	2,039
Poultry	:lb. :	3,646,203	200,648
Wheat	:cwt.:	6,519,954	7,777,785
Total		XXX	8,519,704

C. Quantities of Commodities Diverted and Payments Made
During Fiscal Years 1957 and 1958

Commodity	Unit	1957		1958	
		Quantity	Payment	Quantity	Payment
Dates	:lb. :	10,177,140	\$407,058	9,976,448	\$299,293
Figs	:ton :	3,303	269,773	- -	- -
Potatoes	:cwt.:	12,603,434	4,999,335	5,355,607	2,420,398
Total		XXX	5,676,166	XXX	2,719,691

D. Surplus Removal Operating Expenses

1. Planning surplus removal programs and distributing commodities.
In addition to planning surplus removal programs under Section 32, responsibility has been assigned to the Agricultural Marketing Service for the distribution of all surplus commodities. This includes commodities purchased under CCC price support programs which are donated to domestic and foreign outlets. Distribution of surplus foods to domestic users is accomplished under a plan whereby the Federal and State Governments share responsibility for the delivery of the donated surplus foods to the ultimate user. The Department of Agriculture arranges for and finances any necessary processing or packaging of the commodities and pays the cost of transporting these commodities to central receiving points within the States.

The State distributing agencies are responsible for the approval of eligible outlets, according to standards established by the Department of Agriculture. For example, school lunch programs must be operated on a nonprofit basis, institutions and hospitals must be nonprofit and exempt from Federal income tax, and persons in family units receiving commodities must be certified as needy by a public welfare agency. State agencies request commodities from the Department and arrange for the acceptance of the shipments at receiving points and for their delivery to the final users. In addition, the State agency is responsible for over-all supervision of the program to insure that the commodities are effectively used by recipients and that waste or resale into commercial channels is avoided.

Domestic Donations - Over 19 million persons benefited from the USDA domestic donation program in 1958. The actual volume of surplus foods (both section 32 and section 416-CCC) distributed to domestic recipients in 1958 was less than in 1957, and totalled about 870 million pounds. The decrease was largely due to the fact that strengthening farm markets reduced the need for large-scale Government surplus removal purchases. During the year Federal surplus foods were used to help most emergency food needs arising out of 14 natural disasters. To assist in answering numerous inquiries about the welfare family program, a fact sheet was issued in April. It outlined the Department's food donation authorities; told how surplus food became available for donation; and described the part played by States and local communities.

Foreign Donations - The volume of foreign donations (all section 416-CCC), which are made after provision for the needs of all domestic recipients, increased about 200 million pounds in 1958 to almost 2.0 billion pounds. Fewer foods were available for foreign donation because of the reduction in Government inventories of food commodities -- butter and dry beans, which were distributed domestically, were not available for foreign donation and rice was not available in the last half of the fiscal year. However, foreign donations of cornmeal and wheat flour increased to more than make up for the restriction in the number of food items available for overseas recipients.

The following tables reflect the quantities and cost of both section 32 and section 416-CCC commodities distributed in 1957 and 1958:

Quantity of Surplus Food Distributed for Domestic and Foreign Use
Fiscal Years 1957 and 1958

(Million Pounds)

Program and Commodity	Domestic Distribution				Foreign		Total
	Schools	Institutions	Welfare	Total	Distribution	Distribution	
	1957: 1958	1957: 1958	1957: 1958	1957: 1958	1957: 1958	1957: 1958	
Section 32:							
Beans	16.5	5.3	25.1	46.9	-	-	46.9
Butter	36.6	7.5	28.4	9.9	12.6	54.0	108.3
Cheese	18.1	24.9	8.9	10.9	41.0	68.0	87.9
Cornmeal	-	-	-	14.4	-	-	14.4
Eggs, shell and dried ...	30.0	4.6	7.2	-	-	37.2	4.6
Flour	-	-	-	29.4	-	-	29.4
Fruits .....	.3	6.5	2.2	-	-	2.5	6.5
Livestock products	140.0	-	6.0	-	-	147.8	-
Milk	15.3	18.9	10.1	13.1	53.7	78.3	110.3
Peanut butter	-	4.9	-	-	-	4.9	4.9
Rice	12.7	-	6.3	-	27.6	-	46.6
Turkeys	22.6	-	2.6	-	-	25.2	25.2
Vegetables	6.8	-	2.9	-	-	9.7	9.7
Total, Section 32	298.9	127.1	59.0	52.4	202.9	143.0	560.8
				322.5	-	-	322.5

Section 416:

Beans	11.8	17.9	3.8	.3	17.9	1.0	33.5	19.2	100.8	19.2
Butter	9.7	1.5	1.9	.7	2.6	.3	14.2	2.5	14.5	2.5
Butter oil (butter equiv.)	-	-	-	-	-	-	-	-	3.8	-
Cheese	13.5	8.0	6.7	3.5	30.6	16.8	50.8	28.3	118.4	193.4
Cornmeal	17.7	16.6	9.5	8.6	75.5	96.1	102.7	121.3	268.2	298.2
Corn .....	.5	-	.4	-	-	-	.9	-	36.9	62.5
Cottonseed oil and shortening	-	-	-	-	-	-	-	-	-	-
Flour	46.1	58.7	56.8	72.6	111.3	149.0	214.2	280.3	528.2	769.7
Milk	8.3	2.2	5.4	1.5	29.0	9.0	42.7	12.7	446.1	549.7
Rice	9.2	19.7	4.5	8.7	20.0	56.3	33.7	84.7	201.5	59.6
Wheat	1.9	-	6.5	-	-	-	8.4	-	55.3	39.9
Total, Section 416 ...	118.7	124.6	95.5	95.9	286.9	328.5	501.1	549.0	1,727.9	1,973.0
Grand Total	417.6	251.7	154.5	148.3	489.8	471.5	1,061.9	871.5	1,727.9	1,973.0

Note: It is estimated that approximately 3,015.2 million pounds may be distributed during the 1959 fiscal year.

Cost of Surplus Food Distributed for Domestic and Foreign Use
Fiscal Years 1957 and 1958

(Million Dollars)

Program and Commodity	Domestic Distribution				Foreign				Total
	Schools	Institutions	Welfare	Total	Distribution	Distribution	Distribution	Distribution	
	1957	1958	1957	1958	1957	1958	1957	1958	
Section 32:									
Beans	1.0:	-	1.4:	-	-	-	-	-	2.7:
Butter	22.3:	41.6:	6.0:	7.8:	-	66.9:	-	-	66.9
Cheese	7.2:	9.8:	16.4:	20.6:	-	34.7:	-	-	34.7
Cornmeal	-	-	.6:	-	-	-	-	-	.6:
Eggs, shell and dried	8.6:	5.2:	-	-	-	5.2:	-	-	5.2
Flour	-	-	1.7:	-	-	-	-	-	1.7:
Fruits, deciduous	-	.9:	-	-	-	.9:	-	-	.9
Livestock products	59.8:	-	.3:	-	-	-	-	-	61.2:
Milk	2.9:	3.4:	10.3:	14.1:	-	19.9:	-	-	15.1:
Peanut butter	-	.9:	-	-	-	.9:	-	-	.9
Rice	1.5:	-	3.4:	-	-	-	-	-	5.7:
Turkeys	9.0:	-	-	-	-	-	-	-	10.1:
Vegetables .....	.2:	-	-	-	-	-	-	-	.3:
Total, Section 32	112.5:	61.8:	40.1:	42.5:	-	128.5:	-	-	168.2:
Section 416:									
Beans .....	.9:	1.6:	1.4:	.1:	-	1.7:	-	-	8.7:
Butter	5.1:	1.0:	1.4:	.2:	-	1.6:	-	-	7.6:
Butter oil (butter equiv.)	-	-	-	-	-	-	-	-	-
Cheese	5.6:	3.3:	12.7:	6.9:	-	11.7:	-	-	75.0:
Cornmeal	1.1:	1.1:	4.9:	6.5:	-	8.2:	-	-	26.4:
Corn	-	-	-	-	-	-	-	-	1.5:
Cottonseed oil and shortening	-	-	-	-	-	-	-	-	.5:
Flour	3.2:	4.6:	7.8:	11.6:	-	21.8:	-	-	56.1:
Milk	1.7:	.4:	5.8:	1.7:	-	2.4:	-	-	100.1:
Rice	1.8:	2.2:	3.8:	6.4:	-	9.6:	-	-	39.5:
Wheat .....	.1:	-	-	-	-	-	-	-	3.3:
Total, Section 416	19.5:	14.2:	37.8:	68.2:	-	57.0:	-	-	321.9:
Grand Total	132.0:	76.0:	77.9:	75.9:	-	185.5:	-	-	490.1:

Note: It is estimated that commodities which will approximate 406.6 may be distributed during the 1959 fiscal year.

2. Food Trades Program. Under this program the consumption of plentiful foods is encouraged through normal channels of trade by enlisting the cooperation of food distributors in obtaining merchandising emphasis on foods available in plentiful supply and by supporting industry food promotion and merchandising campaigns. The workload under this activity is shown in the following table:

Project	F.Y. 1958 Number	F.Y. 1959 Number (Est.)
Average number of foods listed on month-ly abundant foods list	9	10
Distribution of monthly plentiful foods list - Distributors	23,800	25,000
Distribution of new monthly plentiful foods list - Food Service	23,600	25,000
National food drives conducted	11	10
Area, State and local food drives conducted	6	15

Major food drives were conducted during the past year on apples, dairy products, peas, peaches, turkeys, sweet corn, eggs, lettuce, prunes and watermelons. In addition, special promotions were conducted on eleven commodities. Major food drives in 1959 may be conducted on dairy, poultry and livestock products, apples, peaches, canned peas and potatoes.

E. Marketing Agreements and Orders

1. Activities under the Milk, Fruit and Vegetable Agreement and Order Programs During Fiscal Year 1958 and Estimated for 1959:

Activity	Dairy		F & V	
	1958	1959	1958	1959
Agreement and order programs in effect:	68	80	36	38
Hearings held to consider amendments :				
to existing orders or the issuance :				
of orders in new areas	45	53	9	11
Requests received for new programs	15	10	2	4
Amendments issued to existing orders...	42	50	3	8
Suspensions issued to existing orders..	15	18	1	-
Petitions received for review of :				
various order provisions	13	18	1	2
Petitions disposed of during the year..	10	13	3	2
Court cases started during the year ..	21	27	22	42
Court cases disposed of during the :				
year	16	20	23	31
Hearings held under Administrative :				
Procedures Act	17	22	-	1
Applications reviewed from coopera- :				
tives for qualifications to par- :				
ticipate under the Act	86	70	-	-
Cases disposed of under the Act	51	40	-	-
Regulatory orders issued under pro- :				
visions of marketing order	-	-	322	333
Appointment of administrative or :				
control committees	-	-	49	50
Promulgation of committee rule making..	-	-	19	23
Budgets approved	68	80	34	37
Investigation of alleged violations ..	50	25	153	153
Cases referred to Dept. of Justice :				
for prosecution	21	20	55	57
Administrators Decisions issued	42	50	9	10
Secretary's Decisions issued	42	50	9	10
Secretary's Referendum Orders issued ..	20	24	9	12

2. Marketing Agreement and Order Programs in Effect for Fluid Milk
During Fiscal Year 1958

Orders	Number of Producers	Producer Milk (1,000 lbs.)	States of Origin
<u>NEW ENGLAND:</u>			
Boston	11,087	1,847,401	Maine, Mass., N.H., N. Y., Vt.
Fall River	301	88,635	Mass., N.H., N.Y., R.I., Vt.
Merrimack Valley	1,036	156,412	Maine, Mass., N.H., Vt.
Springfield	1,028	198,578	Conn., Mass., N.H., N.Y., Vt.
Worcester	724	144,719	Mass., N.Y., Vt.
<u>MIDDLE ATLANTIC:</u>			
Philadelphia	7,870	1,498,947	Del., Maryland, Pennsylvania.
New York-New Jersey	52,061	9,762,053	Conn., Del., Md., N.J., N.Y., Pa., Vt.
<u>SOUTH ATLANTIC:</u>			
Appalachian	667	137,115	Ky., N.C., Tenn., Va.
Bluefield	284	50,766	Ky., Va., W.Va.
Clarksburg	536	70,747	Md., Pa., W.Va.
Southeastern Florida	97	311,127	Fla.
Tri-State Area	2,060	230,370	Ky., Ohio., W.Va.
Wheeling	1,315	148,033	Ohio, Pa., W.Va.
Wilmington	436	94,279	Del., Md., Pa.
<u>EAST NORTH CENTRAL:</u>			
<u>Eastern Group</u>			
Akron-Stark County	2,354	371,271	Ohio.
Cincinnati	3,854	445,108	Ind., Ky., Ohio.
Cleveland	7,852	1,144,658	Ind., Mich., Ohio, Pa.
Columbus	1,859	302,748	Ohio.
Dayton-Springfield	2,226	369,900	Ind., Ohio.
Detroit	12,127	1,905,492	Michigan.
Muskegon	577	97,930	Michigan.
No. Central Ohio Area	1,207	186,200	Ind., Ohio.
Toledo	1,624	271,940	Ind., Mich., Ohio.
Upstate Michigan	542	89,220	Michigan.
<u>Western Group</u>			
Chicago	20,404	5,021,001	Ill., Ind., Mich., Wis.
Fort Wayne	889	104,613	Ind., Ohio.
Milwaukee	2,102	557,329	Wisconsin.
Rockford-Freeport	213	54,486	Illinois.
South Bend-LaPorte	1,013	201,795	Ind., Mich., Wis.
<u>WEST NORTH CENTRAL:</u>			
<u>Northern Group</u>			
Black Hills	144	39,316	S. Dak., Wyo.
Cedar Rapids-Iowa City	772	184,100	Iowa, Minnesota.
Dubuque	245	55,941	Ill., Iowa, Wis.

Orders	Number Of Producers	Producer Milk (1,000 lbs.)	States of Origin
<u>WEST NORTH CENTRAL-Con:</u>			
<u>Northern Group-Con.</u>			
Duluth-Superior	1,334	171,676	Minn., Wis.
Eastern South Dakota	130	26,593	N. Dak., S. Dak.
Minneapolis-St. Paul	3,550	844,246	Minn., Wis.
North Central Iowa	768	143,982	Iowa, Minn.
Omaha-Lincoln-C.B.	1,747	286,059	Iowa, Nebr.
Platte Valley	385	76,942	Kansas, Nebr.
Quad Cities	996	207,374	Ill., Iowa, Wis.
Sioux City	387	67,481	Iowa, Nebr., S. Dak.
Sioux Falls-Mitchell	322	81,368	Iowa, Minn., S. Dak.
<u>Southern Group</u>			
Kansas City	3,371	570,422	Iowa, Kansas, Missouri.
Neosho Valley	739	109,867	Arkansas, Kansas, Mo., Okla.
Ozarks	1,138	193,594	Arkansas, Missouri.
St. Louis	3,829	659,725	Ark., Ill., Ky., Missouri.
Southwest Kansas	286	54,844	Colo., Kansas, Oklahoma.
Wichita	835	178,843	Kansas, Oklahoma.
<u>EAST SOUTH CENTRAL:</u>			
Central Mississippi	1,050	170,318	Mississippi.
Chatanooga	802	141,481	Ala., Ga., Tenn.
Knoxville	1,014	172,989	Tennessee.
Louisville	1,960	368,893	Ind., Ky.
Memphis	1,080	186,977	Ark., Ky., Miss., Tenn.
Nashville	1,505	234,728	Ky., Tenn.
Paducah	322	48,354	Ill., Ky., Tenn.
<u>WEST SOUTH CENTRAL:</u>			
<u>Northern Group</u>			
Central Arkansas	1,001	167,389	Ark., Miss., Mo., Okla., Tenn.
Fort Smith	270	42,502	Ark., Okla.
Oklahoma Metrop. Area	2,620	440,757	Ark., Kansas, Mo., Okla.
Texas Panhandle	577	122,802	N. Mex., Okla., Texas.
<u>Southern Group</u>			
Austin-Waco	431	132,617	Texas.
Central West Texas	608	158,106	N. Mex., Texas.
Corpus Christi Area	434	136,061	Texas.
New Orleans	2,267	321,504	La., Miss.
North Texas	3,124	822,745	Ark., Mo., Okla., Texas.
San Antonio	510	194,873	Texas.
Shreveport	494	113,812	Ark., La., Texas.
<u>MOUNTAIN:</u>			
Central Arizona	453	357,369	Ariz., Calif.
<u>PACIFIC:</u>			
Inland Empire	922	160,058	Idaho, Mont., Wash.
Puget Sound	3,623	963,249	Wash.
Total, (68 Markets)			
Estimated Farm Value.....			
\$1,504,485,000			

3. Fruit and Vegetable Marketing Agreement and Order Programs in Effect During Fiscal Year 1958

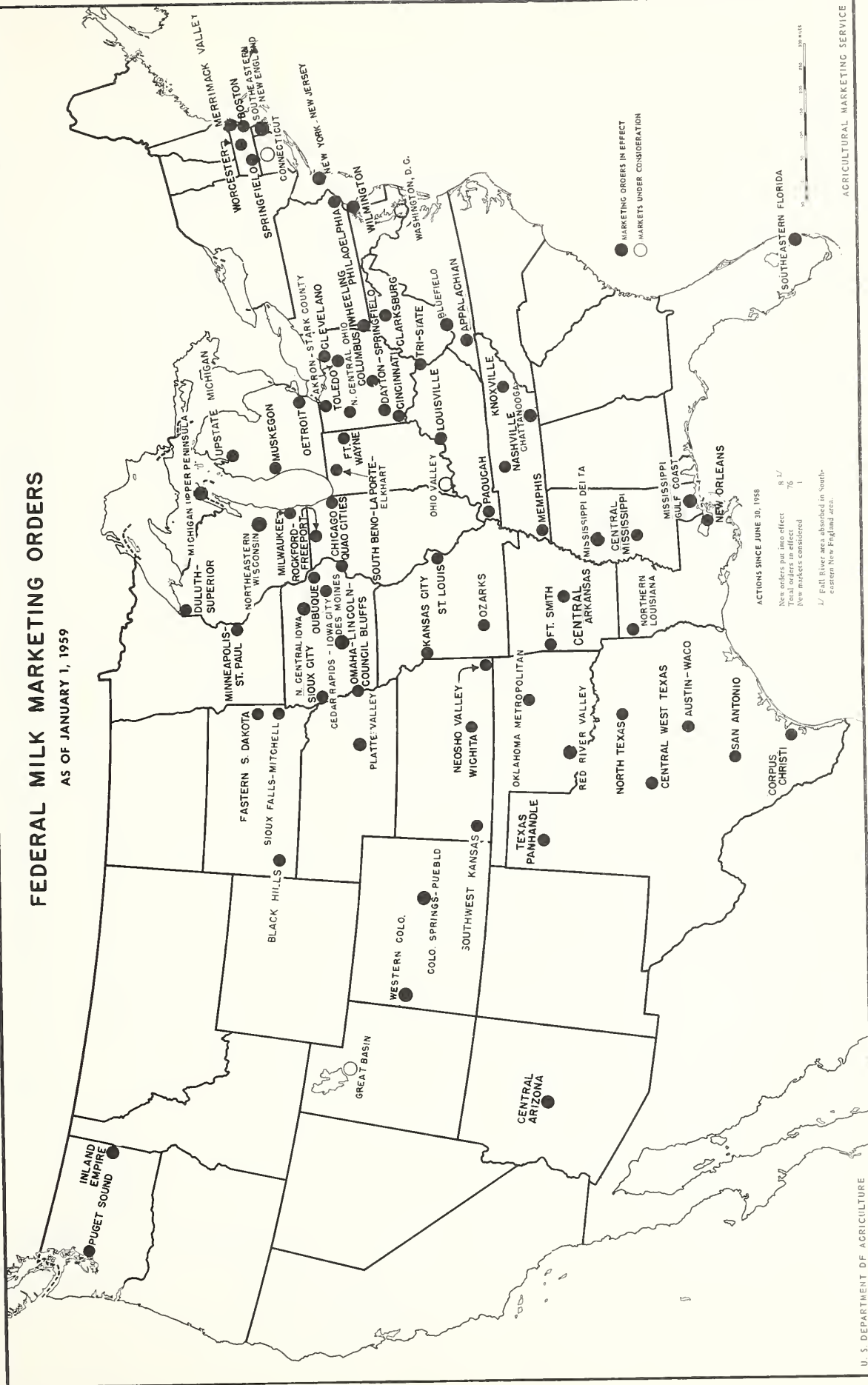
Orders in effect		: Est. No. of : Commercial : Producers	: Estimated : Farm Values : (\$1,000)
<u>Citrus fruits:</u>		:	:
California - Arizona Navels Misc. Oranges:	6,700	:	\$46,307
California - Arizona Valencia Oranges ...:	10,700	:	60,516
California - Arizona desert grapefruit ...:	2,000	:	12,782
California - Arizona lemons	6,100	:	35,724
(a) Florida oranges .....	)	:	179,025
(a) Florida grapefruit	15,000)	:	40,430
(a) Florida tangerines .....	)	:	7,061
Florida limes	500	:	1,141
<u>Deciduous fruits:</u>		:	:
Florida avocados	600	:	1,511
California Tokay grapes	1,200	:	11,361
Colorado peaches	800	:	5,344
Georgia peaches	750	:	6,510
Utah peaches	1,300	:	1,102
(b) California Bartlett pears	3,450	:	23,702
(b) California plums	2,270	:	15,912
(b) California Elberta peaches	2,500	:	15,662
California nectarines	1,250	:	5,328
Oregon-Washington-California winter pears:	2,350	:	21,908
Washington apricots	1,000	:	1,518
Washington sweet cherries	1,000	:	5,519
<u>Dried fruits:</u>		:	:
California dates	300	:	2,310
California figs	300	:	3,836
California dried prunes	6,000	:	30,855
California raisins	8,000	:	42,672
<u>Vegetables:</u>		:	:
Cucumbers-Florida	1,500	:	9,900
Peas and Cauliflower - Colorado	74	:	777
Onions - Idaho - E. Oregon	300	:	3,000
Tomatoes - Florida	1,360	:	25,000
<u>Potatoes:</u>		:	:
Idaho, E. Oregon	8,521	:	58,000
Colorado	2,594	:	23,000
Oregon - California	1,779	:	19,500
Maine	4,659	:	81,000
Red River Valley	2,800	:	38,000
Virginia-North Carolina	4,059	:	9,000
Eastern South Dakota	267	:	1,400
Washington	1,073	:	13,600
New England except Maine	1,450	:	10,600
<u>Nuts:</u>		:	:
California almonds	8,500	:	18,696
Oregon-Washington filberts	3,400	:	3,705
West Coast walnuts	20,000	:	31,564
Total, 36 orders	XXX	:	924,778

(a), (b) - one order each respectively.



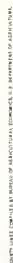
FEDERAL MILK MARKETING ORDERS

AS OF JANUARY 1, 1959



AGRICULTURAL MARKETING SERVICE

AS OF JANUARY 1, 1959



AGRICULTURAL MARKETING SERVICE

U.S. DEPARTMENT OF AGRICULTURE



STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which by November 30, 1958 were actually received or programmed for 1959 or 1960. Since work for other agencies is performed on a service basis at the request of those agencies and for their benefit, it is not practicable to estimate in advance all amounts to be received.)

Item	Obligations, 1958	Estimated Obligations, 1959	Estimated Obligations, 1960
Allocations and Working Funds (Advances from other agencies):			
Department of Agriculture:			
Commodity Credit Corporation (Capital funds):			
Special milk program	\$66,755,960:	\$74,341,900:	\$74,341,900
Granary storage research program ..	36,681:	42,000:	42,000
National Wool Act of 1954	55,780:	64,500:	64,500
Total, (Capital funds)	66,848,421:	74,448,400:	74,448,400
(Administrative expenses):			
Special milk program	581,006	658,100	658,100
Operation of commodity teletype	20,109:	21,800:	22,600
Crop reports and services in connection with price support programs ..	80,449:	32,900:	32,900
Storage research on CCC owned grain	96,826:	102,500:	102,500
Total, (administrative expenses)	778,390:	815,300:	816,100
Total, Department of Agriculture	67,626,811:	75,263,700:	75,264,500
International Cooperation Administration:			
Training services	44,208:	52,750:	- -
Technical consultation and support	25,517:	28,155:	- -
Administrative and other expenses	3,340:	4,170:	- -
Total, International Cooperation Administration	73,065:	85,075:	- -
Federal Civil Defense Administration:			
For food planning for defense emergency conditions	29,407:	- -	165,000
Total, Allocations and Working Funds ...	67,729,283:	75,348,775:	75,429,500
Trust Funds:			
Expenses and Refunds, Inspection and Grading of Farm Products - inspection, grading and certification of:			
Cottonseed	20,569:	22,000:	22,100
Dairy products	1,807,372:	2,195,750:	2,201,500
Fresh and processed fruits and vegetables	4,945,538:	5,646,000:	5,698,200
Meat	3,957,172:	4,404,100:	4,489,200
Naval Stores	14,995:	16,350:	16,400
Poultry products	5,935,082:	3,623,200:	3,450,000
Rice, hay, beans, seed, hops, and miscellaneous agricultural commodities	1,207,528:	1,444,600:	1,448,600
Total, (Expenses and Refunds)	17,888,256:	17,352,000:	17,326,000

Continued on next page

Item	: Obligations, 1958	: Estimated Obligations, 1959	: Estimated Obligations, 1960
<u>Miscellaneous Contributed Funds:</u>	:	:	:
Cooperative data collection on retail store availability and consumer purchases of fruit and fruit products ...	52,523:	56,000:	56,000
Cooperative studies on consumer purchases of specified dairy products ...	34,010:	- -	- -
Cooperative research for method of rating performance of refrigerated motor transport	32,750:	- -	- -
Cooperative research on the marketing and pricing of milk in New York - New Jersey marketing area	35,035:	12,400:	- -
Cooperative research on improved methods and equipment for grading farmers' stock peanuts	- -	1,500:	- -
Cooperative tests on cotton evaluation	- -	16,000:	32,000
Total, (Miscellaneous Contributed Funds)	154,318:	85,900:	88,000
Total, Trust Funds	18,042,574:	17,437,900:	17,414,000
<u>Obligations under Reimbursements From Governmental and Other Sources:</u>	:	:	:
Marketing research and service:	:	:	:
Marketing research and agricultural estimates	93,096:	105,000:	105,000
Marketing services	3,005,898:	4,127,040:	4,752,040
Subtotal	3,098,994:	4,232,040:	4,857,000
Other	24,766:	300:	300
Total, Reimbursements from Governmental and other sources	3,123,760:	4,232,340:	4,857,340
TOTAL OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	88,895,617:	97,239,015:	98,900,840

NOTE--In addition, foreign currencies are available under section 104(k) of Public Law 480 for marketing research projects abroad. This work is conducted by the Agricultural Research Service with the assistance of the Agricultural Marketing Service in the review and appraisal of marketing research project undertaken abroad. Information on the use of foreign currencies for research by the Department is contained in the Agricultural Research Service section of these Explanatory Notes.

PASSENGER MOTOR VEHICLES

The 1960 estimates provide for the replacement of 40 cars. The replacements represent 17% of the total 235 cars available to the AMS.

The 40 replacements in fiscal year 1960 includes: (a) 13 cars for Marketing Research and Agricultural Estimates activities; (b) 17 cars for Marketing Service activities; (c) 10 cars for Marketing Inspection and related trust fund activities.

Passenger vehicles are replaced on the basis of justification with respect to mileage and age standards prescribed by the General Services Administration which provide that vehicles to be replaced must be at least six or more years of age or driven 60,000 miles or more, and other factors.

The number of passenger motor vehicles estimated to be available for 1960 represents the minimum required to maintain essential services of the current programs of the Agricultural Marketing Service. These cars are used in providing the following necessary services: (1) carrying special grading and testing equipment used for inspecting and grading commodities and for work required under U. S. Warehouse Act, Packers and Stockyards Act, U. S. Grain Standards Act, Cotton Acts, and Naval Stores Act; (2) carrying special crop meter equipment used in connection with surveying crop conditions at farms; (3) collection of samples for checking and testing under U. S. Grain Standards Act, Cotton Acts, and for inspection of farm products; (4) carrying boxes of cotton standards types used in classing work and demonstrations at farmers' meetings, and for carrying market news releases and related material for distribution at tobacco auction markets and for assistance to farmers in preparing tobacco for market; (5) for travel to places which are in most cases not accessible by common carrier, such as travel to farms, market terminals, offices of produce dealers and truckers, processing plants, canneries, stockyards, tobacco auction markets, cotton gins, plantation and compress operators, railroad yards, piers, grain elevators, and warehouses.

The age and mileage data for passenger motor vehicles on hand as of June 30, 1958, follows:

Age Data			Mileage Data		
Age-Year Model	Number of Vehicles	Percent of Total	Lifetime Mileage	Number of Vehicles	Percent of Total
1948 and older	2	1			
1949	8	4			
1950	1	-	80,000 - 100,000	6	3
1951	10	4	60,000 - 80,000	29	13
1952	14	6	50,000 - 60,000	25	11
1953	15	7	40,000 - 50,000	20	9
1954	15	7	30,000 - 40,000	35	15
1955	35	15	20,000 - 30,000	31	13
1956	62	27	10,000 - 20,000	51	22
1957	44	19	1,000 - 10,000	28	12
1958	23	10	0 - 1,000	4	2
Total	229	100	Total	229	100

FOREIGN AGRICULTURAL SERVICE

Purpose Statement

The Foreign Agricultural Service administers the foreign agricultural programs of the Department and develops plans and policies related to the administration of the foreign affairs and interests of U. S. agriculture. It disseminates to American agriculture the basic information essential to aggressive foreign marketing of U. S. agricultural products and to making necessary adjustments to meet changing situations abroad. The Service works in the following fields:

Foreign Market Development -- The Service conducts a broad program designed to develop foreign outlets for agricultural products and analyzes competition and demand factors relating to foreign marketing. It administers export programs, including programs under the Agricultural Trade Development Act of 1954 and related authorizations, as well as import programs and controls. The Service represents the Department at international commodity conferences and on foreign commodity matters at national conferences. Work directly related to the development of foreign markets is financed from funds transferred to this appropriation from "Removal of Surplus Agricultural Commodities" (Section 32 of the Act of August 24, 1935 as amended) and with foreign currencies accruing from sales of agricultural commodities under Section 104(a) of Public Law 480, approved July 10, 1954.

Foreign Agricultural Trade and Analysis -- The Service directs and coordinates the continuous economic analysis and interpretation of world conditions and developments that significantly affect the retention and expansion of foreign markets for American products. It analyzes and interprets world trends in foreign agricultural products, trade, price, finance, consumption and economic policies of foreign governments as such trends affect United States foreign agricultural trade. It analyzes the effects of restrictive trade policies on the demand for American farm products and develops and coordinates the basic policies and programs for the removal or easing of restrictions and for the encouragement of world trade in American agricultural products. The Service participates in agricultural international organizations and trade conferences.

Agricultural Attaches -- The Service directs and coordinates a world-wide agricultural attache service with particular emphasis on the development of markets for American products, and on trade reporting from foreign areas designed to aid American farmers and exporters.

Assistance to International Cooperation Administration -- The Service also participates in the administration of the agricultural portion of the foreign assistance program with funds allocated from the International Cooperation Administration. This work includes coordination of the Department's participation in the program and direction of the training program for foreign agricultural leaders, and the providing of technical information and advice in connection with the operation of the agricultural technical assistance program in foreign countries.

As of November 30, 1958, there were 756 employees in the Foreign Agricultural Service. Of this total, 338 were paid from the appropriation "Salaries and expenses, Foreign Agricultural Service", 256 were paid from "Removal of Surplus Agricultural Commodities (Section 32)", 68 were paid from foreign currencies, and 94 were paid from allocations and reimbursements from other agencies. Of the total number of employees, 525 were located in Washington, D. C., 4 in the U. S. outside the Washington Metropolitan area, and 227 were stationed in foreign countries.

	Estimated Available, <u>1959</u>	Budget Estimate, <u>1960</u>
Salaries and Expenses	\$4,268,300	\$4,268,300
Transfer from "Removal of Surplus Agricultural Commodities"	<u>2,493,000</u>	<u>2,593,000</u>
Total	<u><u>6,761,300</u></u>	<u><u>6,861,300</u></u>

Salaries and Expenses

Appropriation Act, 1959		\$4,002,300
Allotment from "Removal of surplus agricultural commodities" ...		2,493,000
Proposed supplemental, 1959 for pay act costs		266,000
Base for 1960		<u>6,761,300</u>
Budget Estimate, 1960		
Direct appropriation	\$4,268,300	
Transfer from "Removal of surplus agricultural commodities"	2,593,000	<u>6,861,300</u>
Increase in transfer from "Removal of surplus agricultural commodities" (to place 1959 expansion of foreign market promotion on an annual basis)		<u>+100,000</u>

Note: To provide a more complete presentation of the overall financial requirements of the Foreign Agricultural Service, the 1960 budget and the following Project Statement include, in addition to the direct annual appropriation "Salaries and expenses", (1) the transfer from the permanent appropriation "Removal of surplus agricultural commodities" (Section 32) and (2) the foreign currencies made available for expenses of the agricultural attaches and for general operating expenses relating to market development projects carried out abroad.

For a number of years, allotments have been made from Section 32 funds to the Foreign Agricultural Service for foreign market promotion activities, including administration of Title I of Public Law 480, as amended, and for administration of import controls. The 1960 budget proposes language providing for the annual transfer of Section 32 funds to be merged with the appropriation made under "Salaries and expenses" for these purposes.

The language also includes a provision indicating that the dollar equivalent of foreign currencies derived from sales of commodities under Title I of P.L. 480 may be used by the Foreign Agricultural Service under Section 104(a) of the Act for expenses of agricultural attaches and for general operating expenses relating to market development projects carried out abroad. This amount does not include foreign currencies allocated to the Foreign Agricultural Service for sales promotion campaigns, direct expenses of trade fairs, demonstrations and other market development projects under Section 104(a) of P.L. 480, as amended. A description of other activities financed from foreign currencies is set forth elsewhere in these explanatory notes.

PROJECT STATEMENT

Project	: 1958	: 1959	: Increase or	: 1960
	: (estimated)	: (estimated)	: Decrease	: (estimated)
Salaries and expenses:	:	:	:	:
1. Analysis of foreign agriculture and trade	:\$1,130,132	\$1,266,200	- -	\$1,266,200
2. Agricultural attaches ...	2,925,358	3,002,100	- -	3,002,100
Subtotal	<u>4,055,490</u>	<u>4,268,300</u>	- -	<u>4,268,300</u>
Removal of surplus agricultural commodities (transfer):	:	:	:	:
3. Foreign market promotion:	1,898,793	2,248,400	+\$100,000(1)	2,348,400
4. Import controls	226,823	244,600	- -	244,600
Subtotal	<u>2,125,616</u>	<u>2,493,000</u>	<u>+100,000</u>	<u>2,593,000</u>

(Continued on next page)

Project	1958	1959 (estimated)	Increase or Decrease	1960 (estimated)
Pay act costs (P.L. 85-462) ..	[191,158]	[461,700]	[+9,100]	[470,800]
Total dollar obligations	6,181,106	6,761,300	+100,000	6,861,300
Foreign currencies:				
2. Agricultural attaches ...	- -	200,000	- -	200,000
5. Market development projects, general operating expenses	295,043	360,000	- -	360,000
Total foreign currency obligations	295,043	560,000	- -	560,000
Total obligations or estimate	6,476,149	7,321,300	+100,000	7,421,300
Deduct:				
Transfer from "Removal of surplus agricultural commodities"	-2,125,616	-2,493,000	-100,000	-2,593,000
Foreign currencies	-295,043	-560,000	- -	-560,000
Unobligated balance, Salaries and expenses	31,657	- -	- -	- -
Transfer from "Conservation reserve, soil bank programs" ..	-84,847	- -	- -	- -
Total appropriation or estimate	4,002,300	4,268,300	- -	4,268,300
Proposed supplemental due to pay increases	- -	-266,000		
Total appropriated	4,002,300	4,002,300		

INCREASE

(1) Increase of \$100,000 under the activity "Foreign Market Promotion" to put on an annual basis the expansion made in fiscal year 1959.

Need for Increase: The allotment from Section 32, "Removal of surplus agricultural commodities", to the Foreign Agricultural Service was increased in the fall of 1958 by \$221,000 to a total of \$2,248,400 for the Foreign Market Promotion activity. The increase over fiscal 1959 is required to put on an annual basis in the fiscal year 1960 the expansion made in fiscal year 1959, in foreign market promotion activities. In 1960, it is proposed that the Section 32 allotment be transferred to, and merged with, the appropriation for Salaries and Expenses.

The added funds in 1959 are being used to intensify efforts to expand dollar exports and to carry out increasing market development activities and responsibilities under the Agricultural Trade Development and Assistance Act, P.L. 480 as amended. This Act was extended by P.L. 85-931 for 1½ years to December 31, 1959 with an additional authorization of \$2.25 billions.

Agricultural production is at record levels in the U.S., particularly of the export commodities, and increasing world competition requires even greater efforts in expanding markets abroad for U.S. agricultural commodities. The staff in the 7 commodity divisions was strengthened by adding marketing specialists and supporting staff so that greater emphasis may be concentrated on expanding dollar sales of U. S. commodities abroad.

The increased funds to strengthen the work in connection with Public Law 480 are necessary due partly to changes in the law. P.L. 85-128 amended Sec. 104(e) and placed an additional burden on the analysis staff to determine areas of competition with U. S. agricultural commodities or products thereof. The new provision in P.L. 85-931 for consultations places a heavy burden on the staff in preparing for such third country consultations. The new procedures for barter under P.L. 85-931 require an analysis of each country's trade to determine whether barter proposals will result in a net addition to trade.

It is also necessary to provide the best possible background material to determine the proper amounts and conditions before entering into P.L. 480 sales agreements with foreign countries. With the increasing deposits of foreign currencies and the increase in volume and complexity of cooperative market development projects under Sec. 104(a), it was necessary to provide additional staff for preparing, reviewing and coordinating these projects, as well as international trade fairs.

The market development projects have increased from 24 in fiscal year 1956 and 153 in 1957 to 231 in 1958. The foreign currency obligations for market development activities were \$1.4 million in 1956, \$5.3 million in 1957, \$5.8 million in 1958, and are estimated at about \$9.2 million for 1959. The 1959 figure includes a carryover obligation of about \$2.5 million for projects which were expected to be obligated in 1958. Taking this carryover into account, 1960 will continue at about the same level as 1959.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed in brackets):

- For necessary expenses for the Foreign Agricultural Service * * *
[\$4,002,300] \$4,268,300: Provided, That not less than \$400,000 of the funds contained in this appropriation shall be available to obtain statistics and related facts on foreign production and full and complete information on methods used by other countries to move farm commodities in world trade on a competitive basis:
- 1 Provided further, That in addition, not to exceed \$2,593,000 of the funds appropriated by section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c), shall be merged with this appropriation and shall be available for all expenses of the Foreign Agricultural Service in carrying out the purposes of said section 32: Provided
 - 2 further, That, in addition, not to exceed the equivalent of \$560,000 in foreign currencies derived from sales under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, and made available to the Department of Agriculture, shall be available for expenses of the agricultural attache service and for general operating expenses of the Foreign Agricultural Service in carrying out the purposes of section 104(a) of that Act.

The first change proposes new language which would limit the amount that could be transferred to the Foreign Agricultural Service from Section 32 funds and would merge the transferred funds with the appropriation for "Salaries and expenses, Foreign Agricultural Service." The amounts currently being made available to the Service from Section 32 funds to carry out the purposes of Section 32 are used for activities that are somewhat similar in nature to the activities financed from the "Salaries and expenses" appropriation. The proposed language would facilitate budgetary review on the total scope of related activities.

The second change would add language which would limit the U.S. dollar equivalent of foreign currencies derived from sales under P.L. 480 that could be made available to the Foreign Agricultural Service (a) to supplement the appropriated funds available for expenses of the attache service, and (b) for general operating expenses of the Foreign Agricultural Service, which include salaries of local employees, travel and necessary miscellaneous expenses, in administering Section 104(a) of Title I of P.L. 480, including market development projects. The proposed limitation would not apply to direct expenses of trade fairs and other market development projects financed from foreign currencies.

STATUS OF PROGRAM

Current Activities: Current information of foreign agricultural production, markets, policies and competition are gathered, analyzed interpreted and disseminated to United States farmers, business and Government. This information is made available, in person and through publications, wherever decisions are made on important foreign economic and other problems so that the interests and problems of the United States farmers may be taken into account in making those decisions.

The expansion and stabilization of world trade, particularly in agricultural products, is actively encouraged through the removal of barriers to trade, the solution of monetary problems, the study of foreign competition with American products, the analysis of market situations affecting the sale of agricultural commodities through the world, and making the information obtained available to the U. S. farmers, processors, exporters and other interested groups.

United States agricultural interests are represented and their position presented in the development of international agreements.

Agricultural attaches are stationed in fifty ~~one~~ countries throughout the world to represent U.S. agriculture at those posts. The attaches work includes a comprehensive system of reporting to meet the needs of U.S. agriculture, to act as the voice of American agriculture at the posts, and to take necessary action in the development of foreign markets for U.S. agricultural products.

A broad program is carried out for the development of markets abroad for United States agricultural products in surplus or potential surplus supply. Export programs, including those under the Agricultural Trade Development and Assistance Act, Public Law 480, and related authorizations, as well as import programs and controls are administered by the Service.

Work directly related to the development of foreign markets is financed from Section 32 funds ("Removal of Surplus Agricultural Commodities") which, beginning in 1960, will be transferred to and merged with the direct appropriation to the Foreign Agricultural Service.

Selected Examples of Recent Progress:

ANALYSIS OF FOREIGN AGRICULTURE AND TRADE

1. Agricultural Exports in Fiscal 1958 Third Highest on Record.
U.S. agricultural exports totaled \$4 billion in fiscal 1958, compared with \$4.7 billion in 1957, a decline of 15%. (Chart No.1) Exports in 1958 were the third highest on record, running less than in 1952 when the value amounted to \$4.1 billion. The two largest commodity declines from 1957 to 1958 were in cotton and grains, which were down about one-fourth and one-fifth in value, respectively. Among the grains exports of wheat were smaller by 24% and those of rice declined by 49% while exports of feed grains rose by 17%. The reduction in cotton shipments was primarily the outcome

of heavy CCC sales for export at competitive world prices in 1957 which helped to rebuild foreign inventories. The reduction in wheat exports was primarily the outcome of a record wheat crop in Europe. Exports of livestock products--reflecting less lard tallow, and meats--were 17% less, and exports of vegetable oils and oilseeds were off by 10%. Among the vegetable oils and oilseeds, larger exports of soybeans and flaxseed were more than offset by reductions in edible vegetable oils. Tobacco exports and exports of fruits and vegetables together registered small gains.

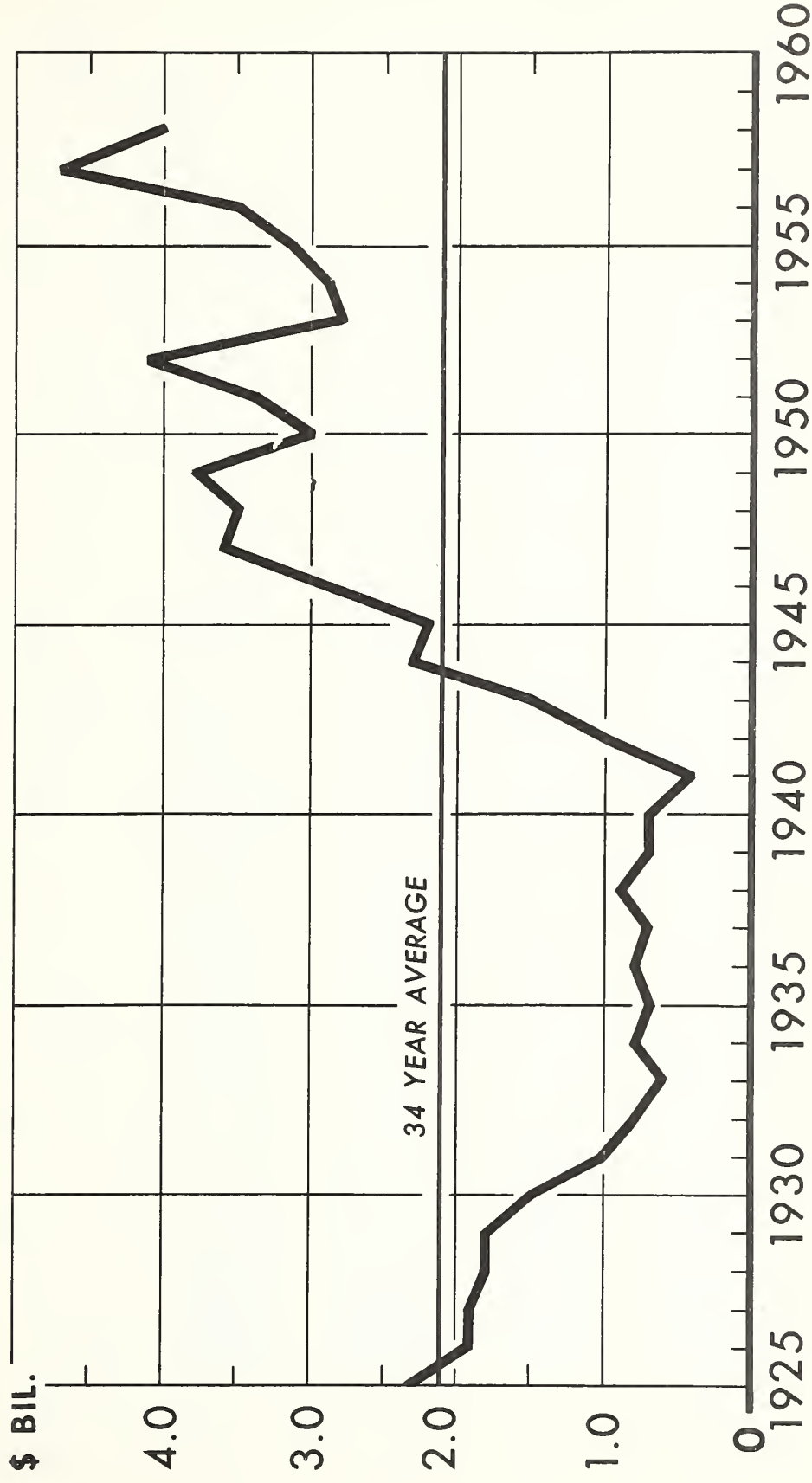
U. S. Agricultural Exports, Fiscal Years 1957 and 1958

Commodity	: 1957	: 1958	: Change
	- - - \$Million	- - -	Percent
Cotton	1,116	841	-25
Grains and feeds ^{1/}	1,608	1,317	-18
Tobacco, unmd	340	343	+1
Vegetable oils, and oilseeds ^{1/}	457	413	-10
Fruits and vegetables	368	383	+4
Livestock products ^{1/}	704	585	-17
Other ^{1/}	135	120	-11
Total	4,728	4,002	-15

^{1/} Includes private relief, mostly CCC donations to private welfare agencies for distribution to needy persons overseas.

2. Magnitude of U.S. Agricultural Exports Measured. Agricultural exports in fiscal 1958 represented the output of approximately 50 million harvested acres. This means that the production on one of every 6½ acres is exported. (Chart No.2) Exports in 1958 required financing, inland transportation, storage, and ocean transportation for over 30 million tons of cargo--enough farm products to fill 710,000 freight cars and 3,200 cargo ships. In moving these products, an average of 8 ships a day weighed anchor.
3. Agricultural Exports outside Government Programs Maintained in Fiscal 1958. U.S. agricultural exports outside of Government-financed programs were \$2.8 billion in fiscal year 1958, same as the previous year. With the decline in total agricultural exports from \$4.7 billion in 1957 to \$4 billion in 1958, the ratio of exports outside of Government programs to total exports increased from 60% in 1957 to 70% in 1958. (Chart No.3)
4. Agricultural Exports Equivalent to Large Shares of U.S. Agricultural Output. Chart No.4 shows that major items in U.S. agricultural exports comprise important segments of domestic output. In many instances, sizeable percentage reductions took place from 1956 to 1957 in the relation of exports to production. However, with some exports coming largely out of CCC inventories which

U. S. Agricultural Exports Third Highest on Record



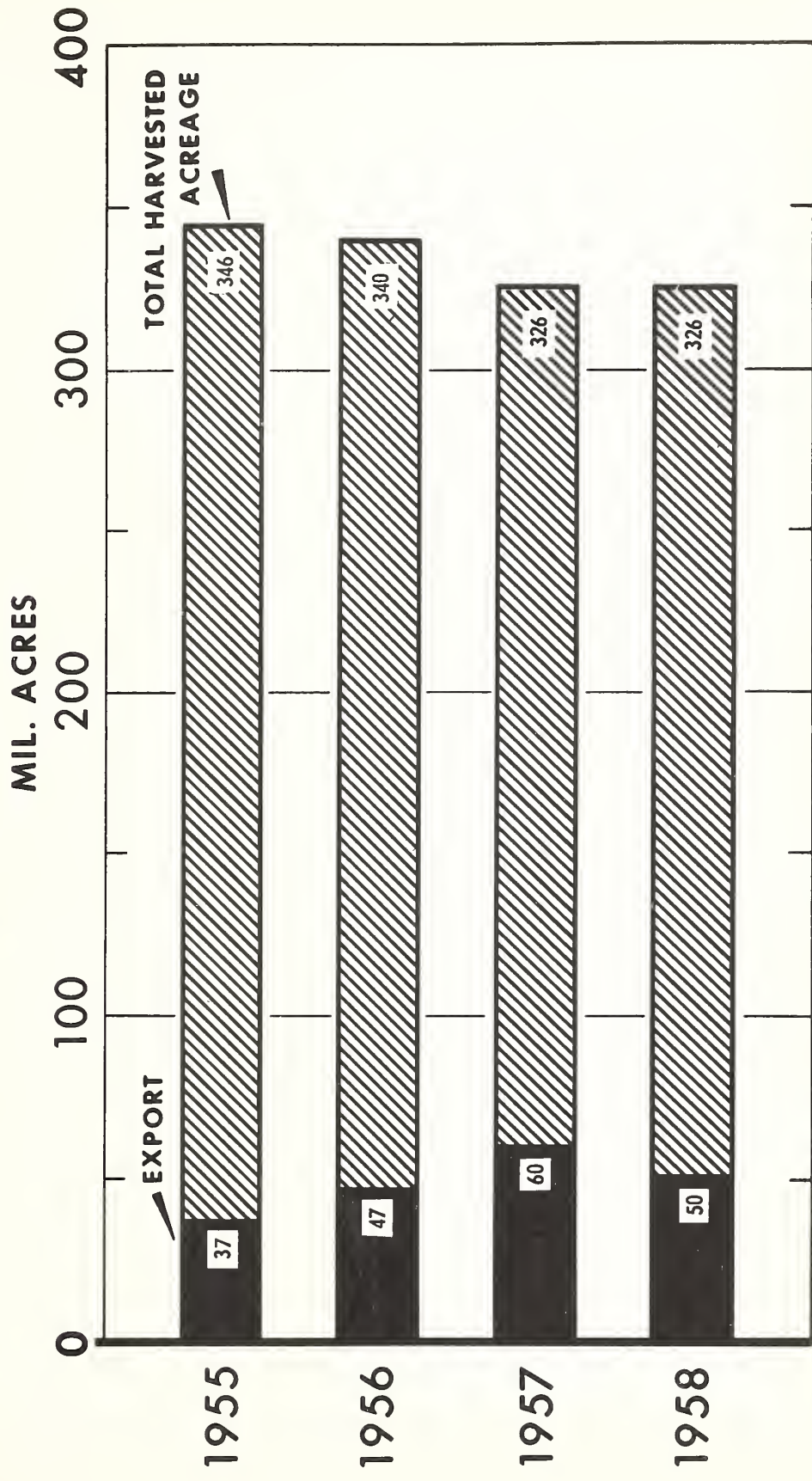
YEAR ENDING JUNE 30

CHART NO. 1

USDA

FAS-NEG. 1663

One U. S. Harvested Acre of 6½ Now Produces for Export



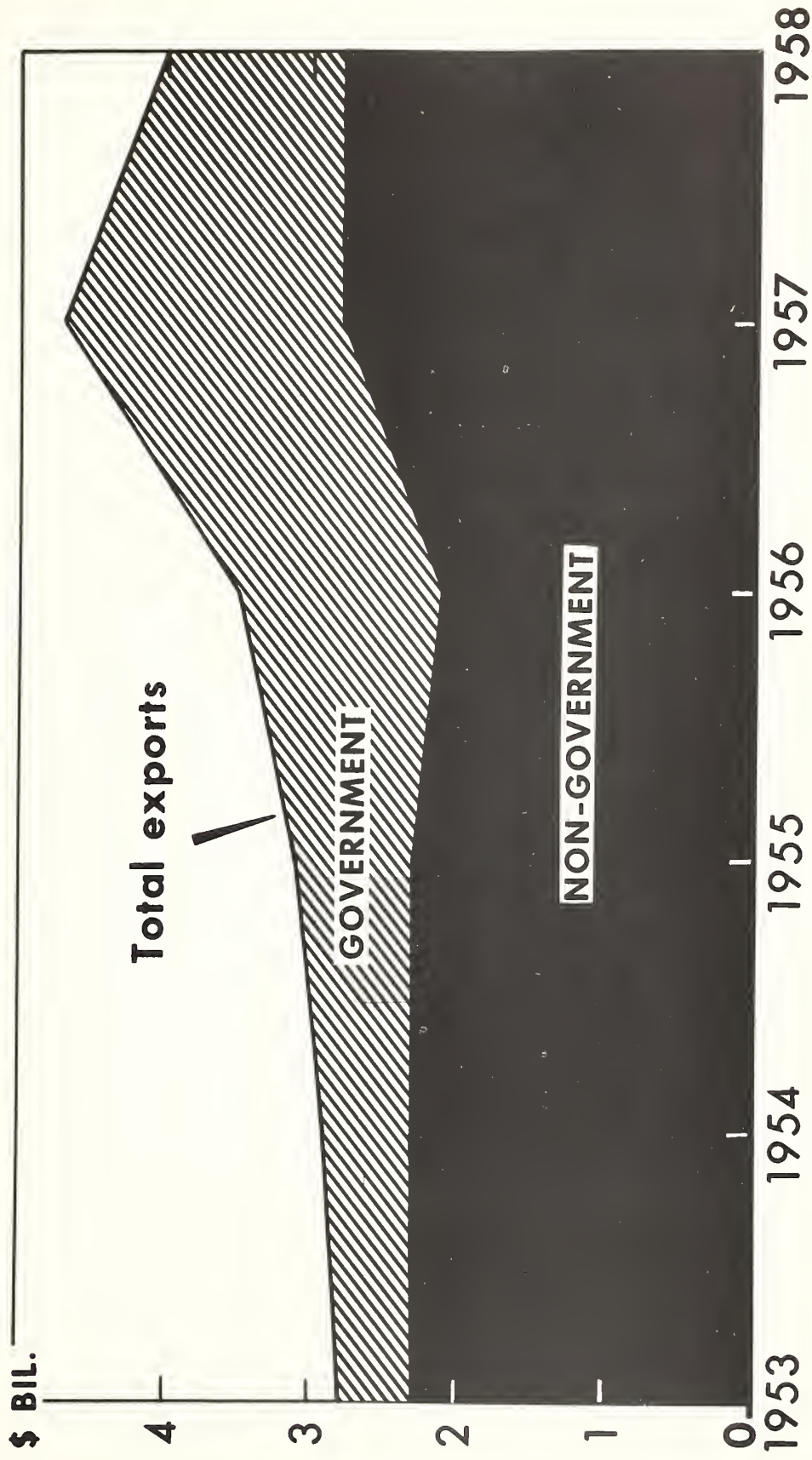
YEAR ENDING JUNE 30

CHART NO. 2

USDA

FAS-NEG. 1662

About Two-Thirds U. S. Agricultural Exports Move Outside Government Programs



YEAR ENDING JUNE 30

CHART NO. 3

USDA

FAS - NEG. 1661

Export Market Benefits Many U. S. Farm Products

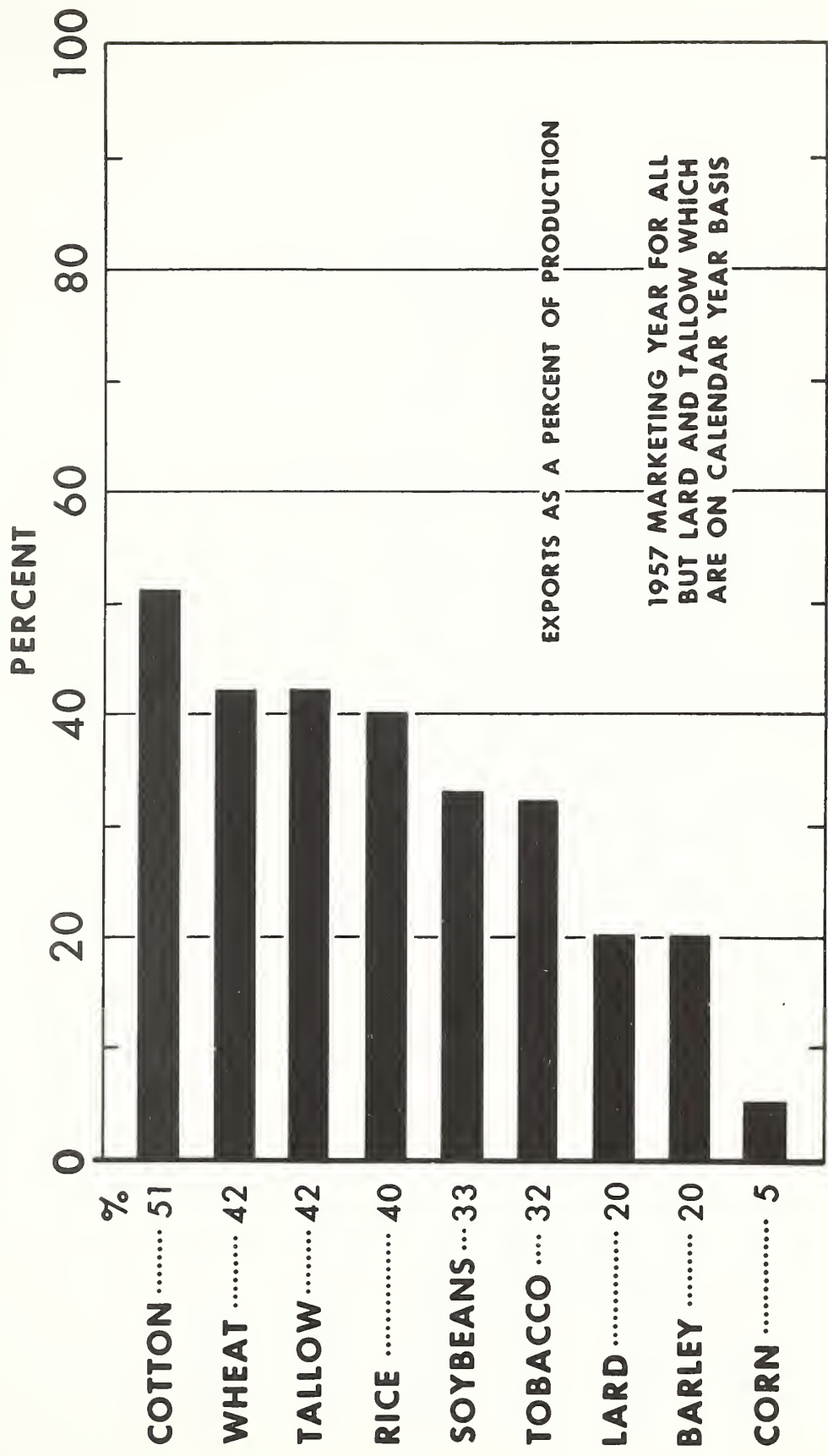


CHART NO. 4

USDA

FAS-NEG. 1686



include the production of earlier years, the percentages shown in the table do not in all instances measure the amount of a given crop that was exported in the 1957 marketing year. This was particularly true of cotton.

U.S. agricultural exports compared with production, marketing year
1957 1/

	:	:	:	:
	: Unit	: Exports	: Production	: Comparison
	:	:	:	:
		-- Million units --		Percent
Cotton and linters	Bale	5.6	11	51
Wheat and flour	Bushel	401	947	42
Inedible tallow and greases	Pound	1,405	3,337	42
Rice, milled	Bag	12	29.7	40
Soybeans and oil	Bushel	160	480	33
Tobacco (farm sales weight)	Pound	535	1,661	32
Dry edible peas	Bag	1.1	3.3	33
Lard	do	501	2,560	20
Barley	Bushel	87	436	20
Dry edible beans	Bag	2	15.8	13
Rye	Bushel	4	26.5	15
Sorghum grains	do	58	562	10

1/ Some data estimated.

5. Grains, Feeds, and Cotton Largest U.S. Agricultural Exports:
Exports of grains, feeds, and cotton in fiscal 1958 totaled \$2.2 billion, or 55% of the \$4 billion total for all agricultural exports. This is only 4% below the share that these commodities represented of total agricultural exports in fiscal 1957. Other commodity groupings for fiscal 1958 and their percentage relation to total exports are livestock products, 15%; vegetable oils and oilseeds, 10%; fruits and vegetables, 10%; and tobacco 9%. (Chart No.5)
6. Feed Grain and Soybean Exports at Record Peak in 1958. Exports of feed grains--oats, barley, corn, and sorghum grains and products were a record 9 million short tons in fiscal year 1958 compared with 7 million tons in 1957 and the previous record of 8-1/2 million tons in 1956. Main reasons for the record in 1958 were the shortage of feed wheat in Europe; increased foreign currency sales, particularly to Mexico and Poland; and the lower exportable supplies available in other countries. At the same time, exports of soybeans attained a record volume of 88 million bushels in 1957. Soybean exports have been rising steadily. Factors underlying the record level soybean exports included the abundant and dependable supplies from record U.S. crops, high level demand in Europe for the protein as well as the oil contained in soybeans, and limited supplies available from Manchuria.

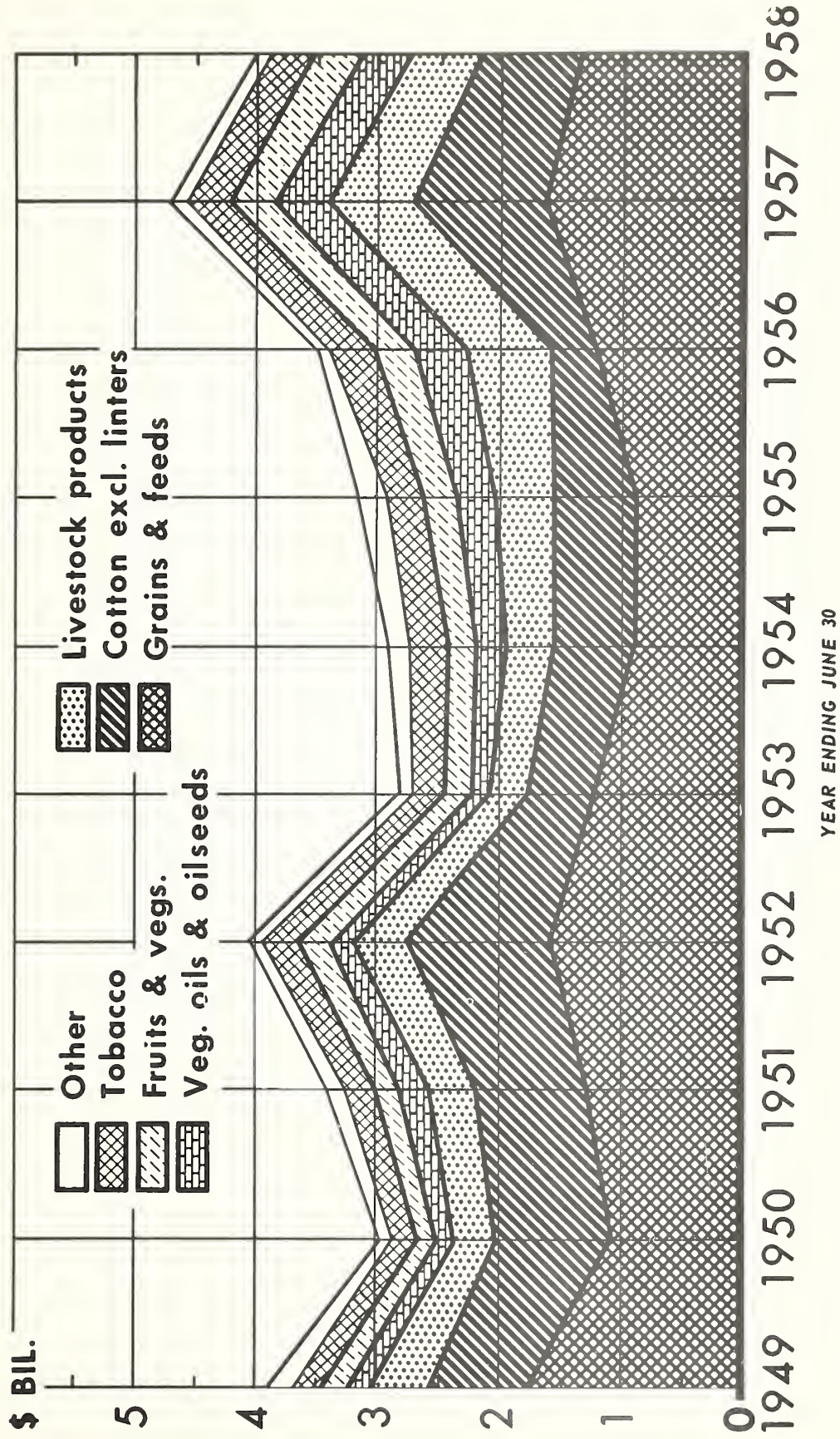
7. Major Export Markets. U.S. agricultural exports to the 15 leading markets are shown in the following table. Shipments to these countries accounted for 73% of total exports in fiscal year 1958 compared with 71% in 1957. Exports were greatly reduced to 11 of the 15 countries in 1958, included the 5 best outlets--the United Kingdom, Japan, Canada, West Germany, and the Netherlands. (Chart 6)

U.S. Agricultural Exports
Fiscal years 1957 and 1958

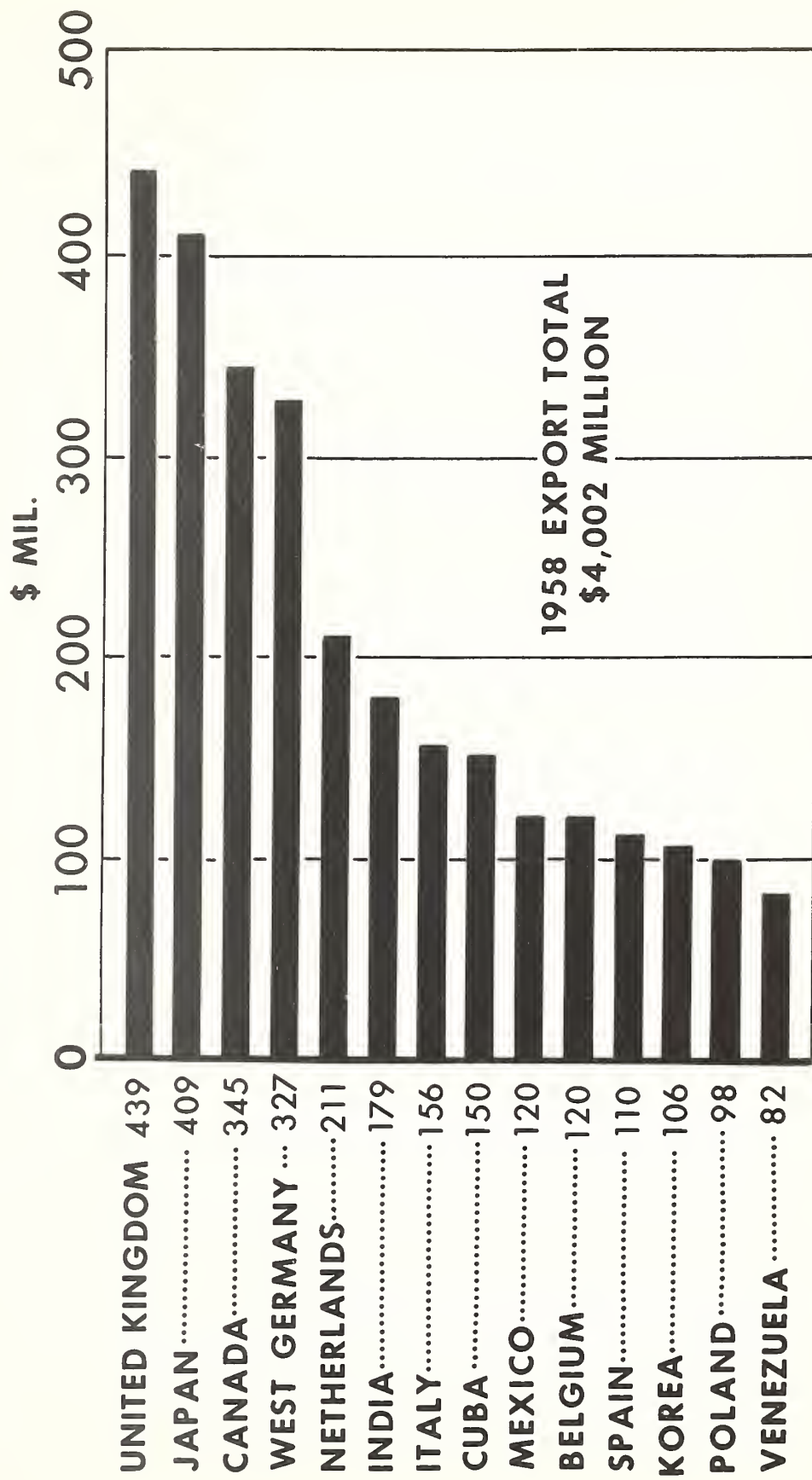
Country	1957	1958:	Country	1957	1958
	\$Million :			\$Million	
1. United Kingdom	498	439:	10. Belgium	170	120
2. Japan	458	409:	11. Spain	153	110
3. Canada	374	345:	12. Korea (Rep.)	129	106
4. West Germany	447	327:	13. Poland	3	98
5. Netherlands	259	211:	14. Venezuela	76	82
6. India	205	179:	Other	1,513	1,150
7. Italy	232	156:	Total	4,728	4,002
8. Cuba	134	150:			
9. Mexico	77	120			

8. Agricultural Exports More Than Double Supplementary Imports. Supplementary agricultural imports--consisting of products most nearly like those produced by American agriculture were \$1.8 billion in fiscal year 1958, largest value in 5 years. (Chart No. 7) The gain was due mainly to larger imports of cattle and meats. With the drop in agricultural exports in 1958, the ratio of these exports to supplementary imports was 2.2 to 1. In other words, exports were more than twice imports of like commodities. Excluding cane sugar imports which are classified as supplementary but are under import control, the ratio was nearly 3 to 1. The remainder of agricultural imports consisted of complementary items--like coffee, natural rubber, cocoa beans, bananas, etc.-- which are not produced commercially in the United States.
9. Canadian Agriculture's Competitive Position Analyzed: This analysis of Canada's agricultural situation points up the changes taking place in the competitive position of Canadian agriculture, against the background of Canada's productivity policies, and trade. In the years immediately ahead, there are prospects for a high level of wheat and oilseed exports and for generally increased exports of grains, beef cattle, various livestock products, and fruits. In the long run, a decline in the percentage of Canadian farm products moving into export is seen by Canadian economists. This is based on the long-term outlook for increased industrialization in Canada, with an increasing percentage of the farm products going into domestic consumption. Wheat, other products from the Prairies, and some high quality specialty items would be the commodities most likely to be competitively marketed abroad.

Cotton & Grains Still Largest Exports But Oils & Fruits Are Increasing



68% of U. S. Agricultural Exports Go to 14 Markets

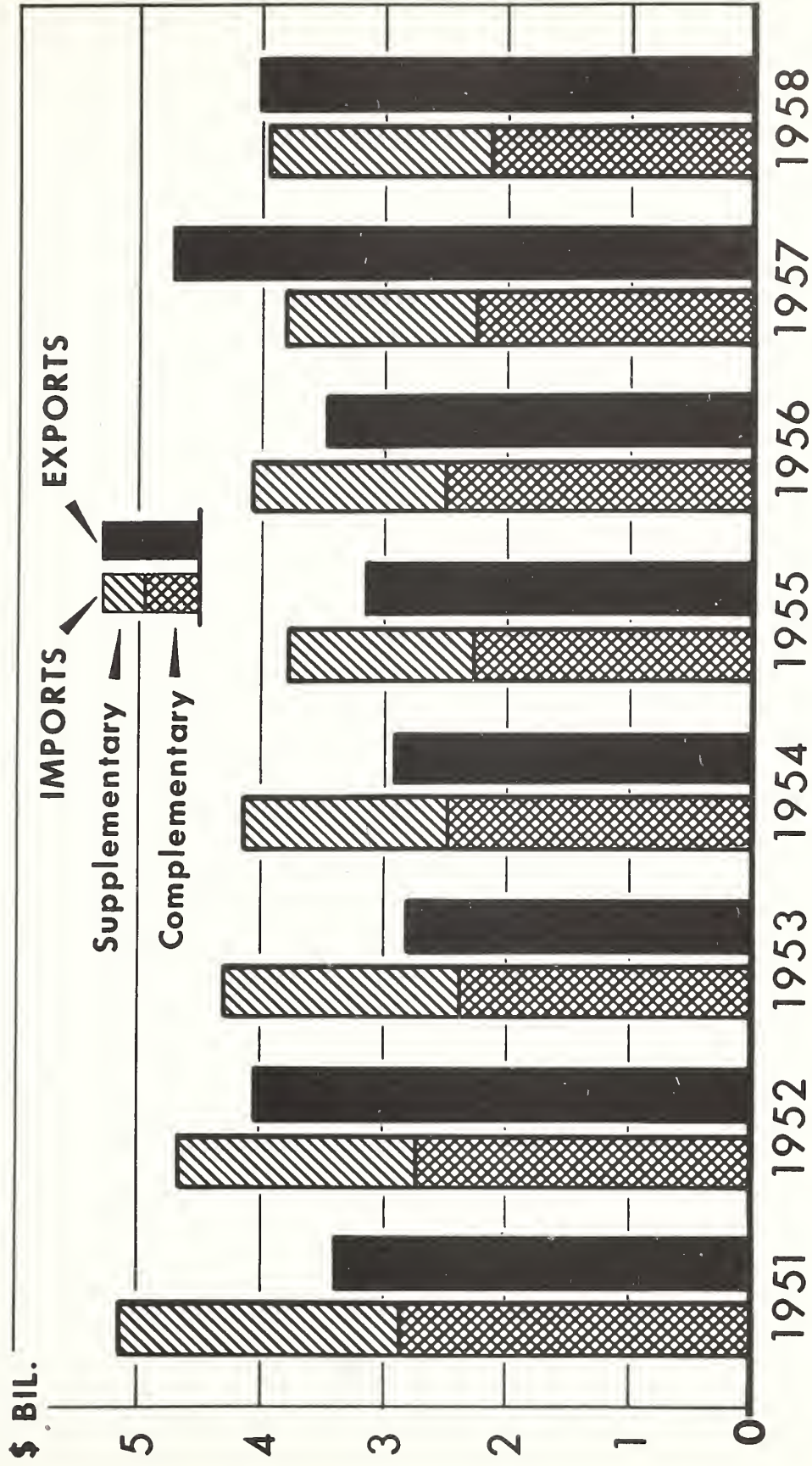


YEAR ENDING JUNE 30

USDA CHART NO. 6

FAS-NEG. 1664

U. S. Agricultural Exports Again Exceed Agricultural Imports



YEAR ENDING JUNE 30

CHART NO. 7

USDA

FAS-NEG. 1666



10. Japanese Market for U.S. Farm Products Remains Strong: A recent study reveals that Japan will require an increasing volume of imported food and agricultural raw materials. Japan has been importing about \$1.4 billion worth of agricultural products annually with nearly one-third coming from the U.S. Agricultural imports from the U. S. have been concentrated in nine items: wheat, rice, barley, corn, tobacco, hides and skins, soybeans, cotton and tallow. The U. S. faces strong competition from Canada and Australia in the Japanese wheat market, from Communist China and possibly Taiwan in the rice market, from Communist China in the soybean market, and from Central and South America as sources of cotton. Besides the usual considerations of price and quality, Japan is guided in the determination of import sources by such factors as current availability of foreign exchange, prospects for developing export markets and the provisions of bilateral trade agreements. The future market for U.S. farm products in Japan will depend principally upon the opportunities offered Japan for earning dollars and whether U. S. products sell at competitive prices.
11. Asian Agriculture Trails in Race With Population: An analysis of the food supply in each of 12 Asian countries was provided by the Food Balance Statements. In these statements the supply of foodstuffs available for consumption within each country from both domestic production and imports is distributed across the population, and expressed as calories per capita per day. People in only 3 countries (Malaya, Japan and Taiwan) are getting enough to eat - those in 9 other countries are either underfed or living on marginal diets. Agricultural production for the area as a whole, though increasing, is lagging behind population increases. A great deal of the food eaten in the Far East must continue to be imported even to maintain the present low level of consumption. The Food Balances also point out the qualitative inadequacies of Asian diets which may be even more serious than the calorie deficiencies.
12. Agricultural Economies of the Caribbean Area Studies: A pioneer study of the agricultural production, trade, policies, and consumption levels of the 20 Islands of the Caribbean shows that there is a market for farm products to meet the expanded consumption of the populace. Imports of cereals, variety meats, dairy products, fats and oils, and mixed poultry feeds for the area as a whole add up to a substantial amount, with a fair share of these imports coming from the United States.
13. Prospective U.S. Demand and Expanded Agricultural Production in Nicaragua Analyzed: This study deals with the prospective U.S. demands for tropical products, such as cacao, rubber, bananas, and timber, that might be grown in Nicaragua. With the recent decline in coffee prices and the slowness of the cotton market, Nicaraguan officials requested this study to orient their agricultural expansion program in the direction of ready markets. The study pointed up the need for diversifying agriculture in the direction of additional export commodities to increase foreign-exchange earning capacity.

14. Planting and Harvesting Dates in Latin America Published: This report is especially useful in the field of marketing in determining the exact time at which commodities of this area are available on the world markets. It serves as a timetable for the exports of seeds or plant propagation material to various sectors of the 20 Latin American Republics and in the varying climatic zones of the individual countries.
15. Impact of Agricultural Development Programs in Middle East on Competition with U. S. Products: A study, including a field trip, was made of agricultural development programs in Iran, Iraq and Sudan. Each of these countries have predominately agricultural economies which are relatively undeveloped. They have substantial areas of potentially cultivable land which are unused at present; however, much of the expansion possibilities involve irrigation developments. With few exceptions, production techniques are backward and production per man, or farming unit, is very low. All three countries export one or more agricultural products which are competitive with U. S. farm exports. These countries have economic development programs extending for five, six or seven year periods. Plans are to increase agricultural and industrial production, utilize more fully the natural and human resources, raise the standard of living of the people and improve the national economy. The programs include projects to increase production of crops designed for export and those to be utilized for domestic consumption to reduce imports. In all three countries, emphasis is upon greater production of grains and cotton. This increase will largely be absorbed by growing domestic consumption; however, expansion is anticipated in the exports of some products which will compete, at least indirectly, with U. S. exports. These include cotton from the Sudan, barley from Iraq, and possibly cotton from Iran and Iraq.
16. Competition and Development Study of Central and East Africa: A comprehensive field study was made on the long term competitive aspects of agricultural development programs in Angola, the Federation of Rhodesia and Nyasaland, British East Africa and Zanzibar. It indicates that U. S. tobacco growers can expect increasing competition in world markets from Rhodesian tobacco, particularly flue-cured. Cotton production in British East Africa (largest producer in the area) is not expected to increase significantly in the near future. While some of the countries visited have been exporters of corn in recent years to European markets, only in Angola is there a definite program to encourage export production. There is a steadily growing shift from a subsistence to a cash agricultural economy, with increased urbanization and industrialization. Also, there is major emphasis upon production of complementary export crops such as tea, coffee, pyrethrum, sisal and other tropical products. The only major exception is in the Rhodesias, where tobacco provides 15 to 17 percent of the export income, and minerals over 60 percent. There is increasing inter-country trade in agricultural commodities in the area surveyed. Within

a short time the U. S. has lost its small tobacco market in British East Africa because of systematic development of improved flue-cured tobacco production in Tanganyika plus some increased imports from the Rhodesias, Tanganyika doubled its exports of non-flue cured tobacco types in 1957.

The study also reveals (1) the steadily increasing imports of wheat flour in Angola and the Rhodesias, and a potential new market for wheat in British East Africa (provided the restrictions on dollar wheat are overcome); (2) the expanding market for tallow in the Rhodesias (imports doubled since 1955); (3) a new moderate market for cotton in the Rhodesias.

17. Comprehensive Statistical Study of U. S. Agricultural Trade with West Asia and Africa: West Asia and Africa have been providing larger market outlets for agricultural products. Evidence of significant trends--increased urbanization and cash economies, rising standards of living, implementation of large-scale development programs, and rapidly increasing population in West Asia and Africa--indicates that these areas will continue to provide growing markets for agricultural products in the future. To share progressively in these markets U. S. agricultural trade must be informed of rising trends and kept advised of long-range potentials. This comprehensive statistical study is one step towards providing such basic information. For the first time detailed series were established on U. S. agricultural trade with all West Asian and African countries from 1935 to 1956. Figures are also given by commodity groups and principal commodities from 1953 to 1956, covering both exports and imports.
18. Ghana's Agricultural Production and Import Market: A brief but comprehensive bulletin was published on Ghana's agriculture and trade in farm products. This study emphasizes the increasing importance of Ghana as an importer of a wide variety of agricultural items. Ghana, with $4\frac{1}{2}$ million population, imports about as much agricultural products as Nigeria with nearly 35 million people. This new independent member of the British Commonwealth is particularly important as an increasing importer of U. S. flour. Flour imports from all sources increased from 34,700 long tons in 1956 to 49,800 tons in 1957. It is also an increasing market for tobacco, processed milk variety meats and other agricultural products. The study also analyzes the importance of cocoa in Ghana's economy. Ghana is the largest producer of cocoa for the world market. This study is one of a series of publications on the agricultural trade and production of the major countries of Africa.
19. Agricultural Trade Statistics for Africa and West Asia: Statistical tables summarizing foreign agricultural trade have been prepared for 34 countries in Africa and West Asia. They are being used by FAS and other Government agencies in developing recommendations affecting U.S. agriculture. The statistics

provide a basis for analyzing trends in agricultural trade patterns. Such information is necessary to American exporters in developing markets for U. S. agricultural commodities, and in evaluating the competitive aspects of foreign agriculture.

20. Analysis of Critical Agricultural Conditions in Strategic Middle East: An analysis of the "Food Needs in Jordan, Saudi Arabia and Iraq" shows the prevailing patterns of agricultural production, trade and consumption in those countries. Large food deficits were pointed out in Jordan and Saudi Arabia, and large grain surpluses in Iraq. Another analysis of the "Problem Surpluses in the Middle East" was used effectively in implementing action programs relative to critical crop surpluses in Lebanon and Sudan.
21. The Netherlands Converts U. S. Feedgrains into Livestock Products for Export: As the first of a series, an article on Dollar Markets Abroad, The Netherlands deals with an aspect of our trade relations with this good customer which is sometimes overlooked: the role of Dutch agriculture as an intermediary between U. S. agriculture and the ultimate consumer. The Netherlands buys large quantities of our products, partly for Dutch consumption, partly for transshipment and partly for processing or re-conversion and re-export. Of great importance is the conversion on Dutch farms of U. S. feed grains into livestock products for export.

In 1956 the Dutch imported over a million tons of U.S. feed grains and over 300,000 tons of oilseeds. This, it is calculated, accounts for the production of 1464 million eggs, 150 million pounds of cheese, and 380 million pounds of pork. In relation to total Dutch exports, it means that over 60% of Dutch egg exports, nearly 75% of the cheese exports--both very important in world trade in these commodities--and more than the total Dutch export trade in port were produced with the aid of U.S. feed.

22. Price Supports in the United Kingdom: Measures taken in the United Kingdom to encourage agricultural production or facilitate imports from the Commonwealth are of special importance to U. S. agriculture, which counts the U. K. market among its best. U. K. policies are quite unique in that they mainly rely on deficiency payments for the support of farm prices rather than on market regulation.

This study describes the system in force, its objectives, operation and cost as well as the significance of recent changes. Aiming originally at greater production, policies in the past few years have emphasized productivity and certain shifts in production. Specifically, the price guarantees for feed grains, fat cattle, sheep and lambs have been increased; those for wheat, hogs and eggs reduced. Some authorities feel

that the guaranteed price structure should encourage shift of resources away from agriculture, and small steps have been taken in that direction, but recent legislation sets narrow limits to the annual rate of decrease in supports.

23. Appraisal of the Agricultural Economies of the East European Countries: Eastern Europe -- the region comprising Poland, East Germany, Czechoslovakia, Hungary, Rumania, Yugoslavia, and Bulgaria -- was an important agricultural exporter before World War II, competing with the United States especially in the West European grain markets. Agricultural recovery since the war has been slow, and in recent years the region has been a net importer of food. A study has been undertaken of the situation in each of the seven countries to point up factors that will determine future developments and the competitive potential of the region. Reports on two have been completed.
 - a. East Germany. This report gives an account of the break up of large estates into smaller holdings as well as the creation of collectivized farms. These changes in farm tenure are largely responsible for the drastic decline in agricultural production and productivity. The resulting change from export surpluses to import needs between 1936-38 and 1954-56 is striking, and continued dependence on imports is indicated even if present production goals are achieved.
 - b. Bulgaria. In this country, where holdings were small already before the communist land reforms, collectivization has gone farther than in the other East European countries. There have been shifts in production from grains to industrial crops (oilseeds, cotton, etc.). Though the overall index of farm production for the last 4 years, as calculated in this study stands above prewar, per capita production is considerably below the prewar level in the livestock sector and has reached the prewar level for all products only in exceptionally good crop years. Agricultural products, which formerly accounted for all but 5% of Bulgaria's exports, now provide less than half. There is no prospect that Bulgaria will reappear as an exporter of agricultural products to the West in any substantial degree in the near future.
24. Competitive Position of U.S. Farm Products Abroad Summarized in Annual Review: This Report was issued in January 1958 as one of the four annual reports published by FAS. It summarizes the world agricultural situation for individual crops and livestock products and the export outlook for U.S. agricultural commodities. The analysis covers the restrictions, obstacles, and other problems involved in exporting farm products. It shows that world trade in agricultural products is highly competitive and that in seeking foreign markets, the United States faces continued high production throughout the world. Other exporting

countries are intensifying their programs to maintain or expand exports of farm products. At the same time, many importing countries are attempting to increase production--often uneconomically--to limit agricultural imports and save foreign exchange for industrial development. Thus, governmental intervention in agricultural production and trade has become a universal practice. This intervention and other factors affecting world agricultural production and trade needs to be analyzed on a continuing basis and summarized at least annually so U. S. agriculture can keep abreast of significant foreign developments. An analysis of this type shows where the United States can take the most profitable steps in its efforts to lessen or to prevent further increases in trade barriers against our agricultural products in world markets. It also indicates where improvement is needed in U.S. products and marketing methods to meet foreign competition.

25. Inter-Fiber Competition Study in Western Europe: A survey was made of the major Western European textile markets to assess the competitive position of U.S. cotton and to determine the changes that have occurred since the previous study in 1956. Cotton and rayon staple fiber are directly substitutable. Therefore, the price and supply relationships between cotton and rayon are most important to the competitive position of each fiber.

In Austria, Germany, and the Netherlands, cotton consumption has increased steadily for the past four years, while the consumption of rayon staple in these countries has shown erratic trends. In Belgium, France, and Italy, cotton consumption has increased during the last three years, despite the strength shown by rayon staple fiber during that period. Between 1956 and 1957, total cotton and rayon mill consumption in these six countries and the United Kingdom expanded from 7.4 million to 7.8 million bales. Cotton gained both relatively and actually, rising from 5.8 million bales in 1956 to 6.2 million bales in 1957.

This improvement was brought about largely by the competitive pricing of U. S. cotton that resulted from the U. S. export sales program which began early in 1956. In addition to the price factor, cotton promotion programs sponsored jointly by the USDA, Cotton Council International, and foreign cotton promotion organizations seem to deserve a good share of the credit for the swing back to cotton. The popularity of cotton fashions and the new finishes for cotton fabrics have also contributed significantly to cotton's expanded use.

26. Competition Study of Africa's Cotton Production Potential: An on-the-spot study was made of the cotton production potential of Africa. Average production over the past five years has been about 3.3 million bales, or 8 percent of world production. Egyptian production has been relatively stable, and since 1953 represents roughly one-half of the African total. The most recent five-year average production of the other countries,

however, totals 25 percent more than their combined cotton crops for the year 1950, the year in which an earlier USDA study was made.

This study showed that the total production of Upland-type cotton may continue to increase over the next five years, at a slower rate than in the period since World War II. It is expected that only a small part of the increase will be used to supply the gradually growing cotton textile industry in Africa, leaving most of the increased production to be reflected in increased exports.

All cotton produced in Egypt and ninety percent of that grown in the Sudan is Egyptian-type cotton. In Egypt there appears to be little likelihood of a substantial uptrend in cotton production, because of the pressure on limited resources--irrigation water and land--and the necessity to grow food crops for the increasing population. In the Sudan 800,000 acres of cotton land are to be added at intervals beginning in 1959. Furthermore, the possibility of both an increased allocation of irrigation water under a revised Nile Waters Agreement and a new storage dam at Roseires have raised Sudanese hopes for still additional increases in cotton acreage.

Cotton's position in the other countries of Africa is markedly similar. Practically all is Upland-type, produced in areas that are colonies, trust territories, or protectorates of European nations, and grown under native "peasant" or "bush" culture. European government administrators and European professional research personnel in Africa have attached considerable importance to the expansion of cotton production because of the desirability of the native having a "reliable" cash crop, and because of the cotton requirements of the European countries with which the producing areas had political ties. Research work has resulted in the development of well-adapted varieties for almost all of the producing areas. Furthermore, improved cultural methods that are well within the means of the native cultivator are well known, but their acceptance has been slow.

27. Dairy Competition from Denmark: A survey indicated that Denmark enjoys several competitive advantages in international trade in dairy products which are not available to U. S. exporters. First is a rigorous and comprehensive quality control on all butter and cheese exported from Denmark. This control is jointly administered by the dairy industry and the Government of Denmark and has enabled Danish butter and cheese to develop and maintain an enviable reputation in world markets. Second is a closely knit, industry-administered, quantity and price control on all exported butter and cheese. This is done through so-called butter and cheese committees which, every week, allocate supplies to markets abroad and fix export prices for separate butter and cheese pools. A third competitive advantage is the ability to undersell U.S. exporters of evaporated and dry whole milk by more than \$1.00 per case on

evaporated milk and 12 cents per pound on dry whole milk under recent cost conditions. No subsidies to the industry, direct or indirect, have been or are employed.

28. Dairy Competition in Holland: A study indicated that Holland must use about 45 to 50 percent of its arable area in permanent grass, because of soil and water conditions. Most of this area is, and will remain, devoted to milk production as the most intensive use to which it can be put, even at low levels of price and profitability. In addition, the Dutch Government, through legislation, has encouraged the domestic dairy industry to develop and maintain a closely controlled and rigorous export quality program and a closely controlled system of quantity allocation of exports to various markets abroad, administered prices, and product equalization pools for distributing returns to processors and milk producers. Finally, in addition to direct government financial assistance to the dairy industry, an indirect subsidy to the export manufacturing side of the industry is made available through a complicated fluid milk pricing and accounting mechanism. By means of this system, domestic consumers of fluid milk contribute a varying export subsidy. Exact details of pricing and pooling have not been determined, as the system is considered confidential by Dutch government and industry authorities.
29. World Competitive Position of U.S. Oils and Oilseeds Analyzed: The U.S. is the world's leading producer of oils and oilseeds and its enviable position in the international market is enhanced by large exportable supplies of these commodities. Without them importing countries would find it difficult to meet their requirements for edible oils as the amounts available for export from other countries fall short of what is needed. Despite this enviable position, we face competition from many sources, such as peanuts from Africa and soybeans from China. In addition, coconut and palm oils also compete to some extent with U.S. oils. Where the U.S. gains most in world markets is through its large exportable supplies of soybeans since Europe has a sizeable modern crushing industry. Since the trend in many of the other oilseed exporting countries is to crush the seed locally and only export products, Europe has increasingly turned to the United States for raw materials.

Over the long term, prospects for U.S. exports of edible oils and oilseeds appear bright. Population increases and the upward trend in per capita consumption suggest an expanding market. Also, it is not likely that foreign production will show any sudden major expansion. However, this does not mean that there may not be times when the U.S. will have difficulty in moving large supplies. But in the long run, exportable supplies, though large, should be able to move in the export market.

30. Fats and Oils Economy of India Analyzed: A survey was completed on the fats and oils economy of India, a country which formerly was a major exporter of fats and oils. The major conclusions are that production of oilseed crops in India, especially peanuts, will continue to increase in the next few years, but that domestic demand is likely to rise so rapidly as to prevent an expansion in India's exportable supplies of edible oils. Except on a few rare occasions these have constituted only a minor part of total world exports during recent years. The report will give background statistics and a long term appraisal of the Indian situation that will be useful in interpreting current developments, particularly as they affect the outlook for exports of U.S. edible vegetable oils.
31. Chilean Deciduous Fruit Industry Expanding: A study was made in the spring of 1958 of the Chilean deciduous fruit industry, which in prewar years was an important exporter of fruits. In recent years Chile has been increasing its exports and striving to regain its position in the world's markets, shipping soft fruits and table grapes to the United States, and apples and prunes to Europe. Production of these items is increasing and exports are trending upward. Also, Chile competes with the United States in other South American countries for the canned fruit and vegetable market. The Chilean government is repealing taxes and fostering fruit exports. These factors coupled with the low production costs are expected to continue the increase in exports.
32. Argentina Fruit Industry Study: Argentina is an important southern hemisphere producer and exporter of deciduous fruits. A study of this industry was made in the spring of 1958. Production in Argentina is expanding and exports are increasing steadily. The relatively low production cost tends to offset the long distance transportation. Thus, these trends are likely to continue and the United States will meet greater Argentine competition both at home and abroad. Also, a survey of the citrus industry in Argentina covering the production costs, grading, utilization market organization, and the competitive prospects of Argentine citrus has been completed. Argentina may become a more important competitor in the European markets during the summer season.
33. Mediterranean Dried Fruits Provide Significant Competition to Dried Fruits Produced in the United States: Surveys of the dried fruit industries in Portugal, Greece, and Turkey were undertaken in the winter of 1957-58. Large quantities of dried figs from each of these countries are exported to the United States. U. S. raisins are exported to European markets in competition with Greek and Turkish supplies. It is important to the U. S. trade and to producers of these items to know more of the costs of production, grading, marketing organization, and government policies in these competing countries.

34. Brazil's Potential to Increase Wheat Production Analyzed: A study was made to ascertain the potential of Brazil, a high cost wheat producer, to expand its wheat production and to determine the probable trend of future imports. The Brazilian government is engaged in a broad program to expand domestic wheat production and thereby reduce foreign exchange needs for wheat imports. Brazil is the largest wheat importer in the Western Hemisphere. Per capita consumption, relatively low, is increasing. The principal incentive for increased production is the maintenance by the Government of a guaranteed minimum price for home-grown wheat.

The study shows that domestic production, despite high costs and serious inadequacies in transportation and storage facilities, has provided an increasing share of the Brazilian requirements, but that consumption is increasing more rapidly than production, so that imports also have had to be increased. Indications are that, despite high price supports and the Government's Wheat Expansion Program, Brazilian wheat production is not likely to increase as rapidly as consumption, because of steadily increasing population and unfavorable conditions for large scale wheat growing. Therefore, a continued upward trend in imports may be anticipated. However, the quantities imported and total consumption will vary from year to year in accordance with availabilities under trade agreements with Argentina and Uruguay and the dollar exchange situation with respect to imports from the U. S. and Canada.

35. United States Supplies Bulk of World Bread and Feed Grain Imports: A study was completed and published showing bread and feed grain exports by countries of destination from the United States and its principal competitors and from all other countries during each of the preceding five marketing seasons, compared with annual averages for individual 5-year periods running back to 1909-13. The study reveals that while most foreign countries now depend mainly on the United States for their import requirements of bread and feed grains, competition for export outlets is keener today than at any time in history.

Not only administrative agencies of the Government concerned with international trade problems but also the nation's grain producing and trading interests, research agencies, financial institutions and transportation interests, have long manifested a need for the information contained in the report. This information, available nowhere else in the world, is particularly valuable to market development specialists in determining levels of competition with which the United States is actually confronted in world markets and areas where trade promotional programs would appear to be most promising.

36. Price Cutting Not Likely to Help Expand Feed Grain Exports: A study was made to determine the probable impact of price reductions for U.S. feed grains on U.S. feed grain exports to 16 countries, (2) C.I.F. (Cost, insurance and freight) prices for U.S. feed grains, (3) prices at which such U.S. grains are sold to farmers in those countries, (4) prevailing foreign governmental price supports and (5) comments on their feed grain policies.

Conclusions were that a reduction in U.S. export prices would not result in substantially increased exports to any country as long as the Government of that country finds it necessary (a) to conserve dollar exchange; (b) guarantee support prices for home-grown grains in order to attain a larger measure of self-sufficiency; and (c) regulate imports to achieve any of those objectives. On the contrary, price reductions by the U.S. would force the adoption of compensatory and retaliatory devices by both deficit and competing surplus producing countries. The report recommends various actions which can be taken to expand U.S. feed grain exports.

37. U.S. Hops Confronted with Increased Competition in World Markets: Recent studies indicate plans for acreage expansion in hops exporting areas of the world because of high prices for hops and an upward trend in beer consumption. This will result in substantially increased competition for U.S. exports within the next two or three years.

U.S. hops are competitive both quality and price-wise in all world markets. Exports in 1956-57 reached an all time record level of 16 million pounds and are likely to exceed that level in 1957-58. The strong demand of U.S. hops in foreign countries reflects (1) an upward trend in beer consumption; (2) relatively low prices for U.S. hops; by foreign breweries that U.S. hops are equal in quality to the best European product; and (4) trade promotional activities of the U.S. hops industry and the Foreign Agricultural Service. Included in the latter was an exhibition of U.S. hops and of U.S. production and processing techniques in Belgium last September.

38. U.S. Trade in Livestock, Meat and Meat Products Analyzed: This annual circular was expanded in the coverage and analysis of the U.S. foreign trade in livestock, meat and meat products. The current status of the international market was examined as to why certain U.S. products were less competitive, and the types of measures adopted by competing countries to maintain their share of the available market. Detailed statistical analysis were made of the movement of commodities, potential markets abroad, and actions of importing countries in applying certain measures to limit or exclude exports.

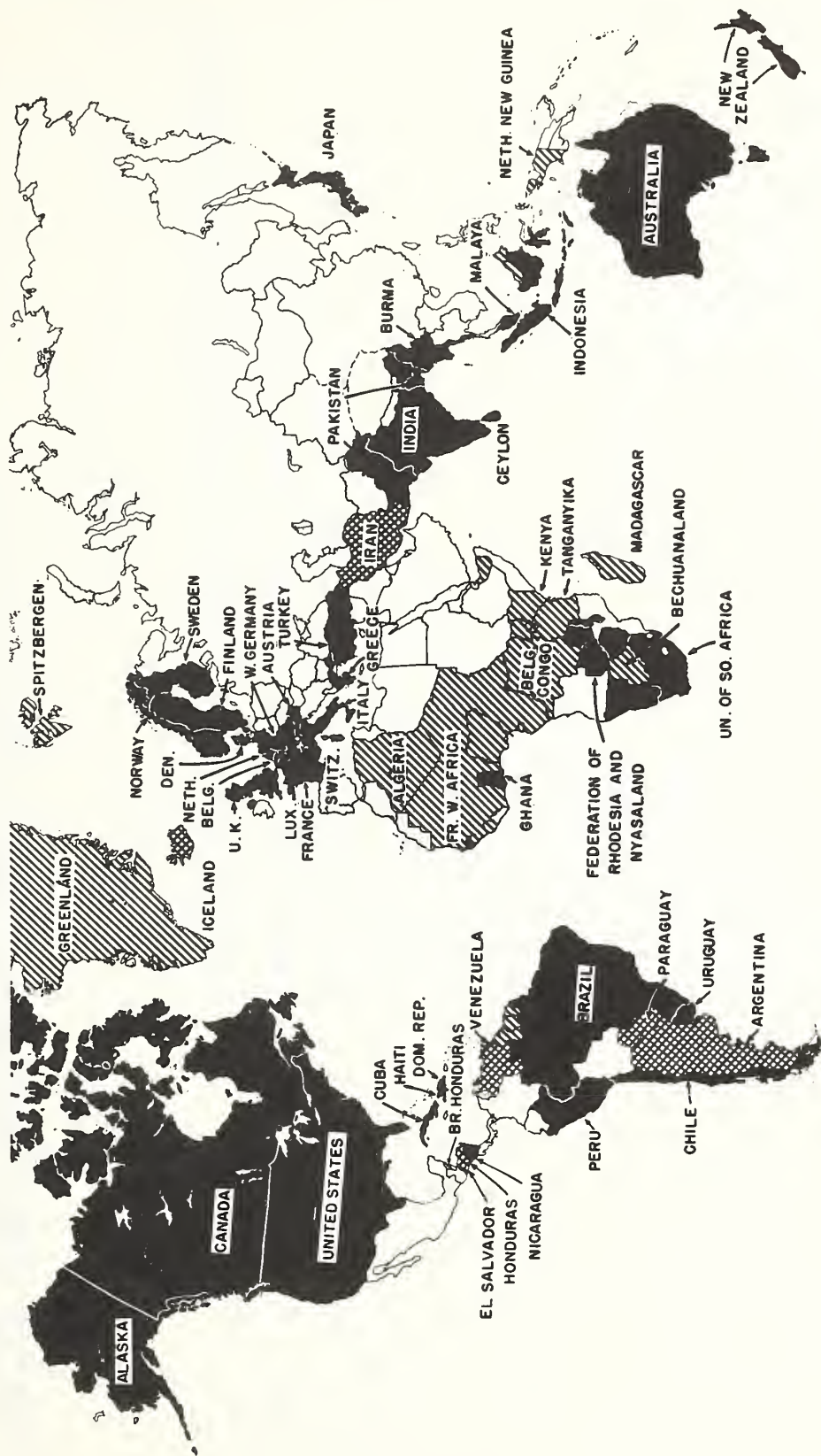
39. Mexico's Livestock and Meat Industry Surveyed: An analysis was made of the livestock industry of Mexico as it affects U. S. exports of livestock, meat and meat products to that country. Trends of production, consumption and potentialities of the country in regard to self-sufficiency were analyzed. The publication points out the importance of Mexico as an export market for the U. S. livestock industry. It also surveys the Mexican government's measures in expanding its own livestock industry and the problems which arise for the U. S. as a competitor in this action.
40. France's Livestock and Meat Industry Analyzed: The study analyzes the historical development of the livestock industry of France and the recent government policy towards making France an exporter of meat and meat products. France is competing very actively with U. S. lard exports, especially to West Germany and the United Kingdom. The study analyzes subsidies and other measures France uses to expand its export markets in Europe and the new devices adopted by the French Government which prohibit much of U. S. exportable meat products to that market.
41. Canadian Tobacco Production and Trade: Production is likely to increase mainly in response to rising domestic demand but also in line with a further expansion of exports. Production is efficient but most of the expansion in exports is due to the preferential import duty in the United Kingdom and certain other British Commonwealth areas. Prices, already high in comparison with those for similar qualities of U. S. flue-cured, are likely to rise further with the new marketing system. The Department is watching with interest the new auction marketing system but it is too early to make valid conclusions relative to its effects.
42. Oriental Production and Trade: Production and exports have recently increased sharply and this is likely to continue but at a less rapid rate. Most of the exports are from Turkey, Greece, Bulgaria and Yugoslavia. Bilateral agreements with tobacco exchanged principally against manufactured products is an important factor in the rising exports, particularly to Western Europe. Tobacco farmers are already receiving a "bonus" in Turkey to prevent export prices from rising; the Greek government is purchasing to stabilize prices (and is expected to export directly such stocks to Iron Curtain areas) and the export of Bulgaria and Yugoslavia are all handled by government agencies. With rising industrialization, rising export prices of tobacco will tend to curtail rising exports unless there is a further subsidy to exports.
43. Competitive World Tobacco Export Prices: Analysis of data, by type of leaf for the 1950-57 period have not been completed but certain conclusions can be made. Preliminary results indicate that the average export prices per pound for foreign leaf are below those for similar U. S. types. The prices of the medium

and low quality foreign leaf are well below prices of similar grades of U. S. leaf. The U. S. prices of the higher quality cigarette types especially flue-cured and Maryland are competitive with or lower than the higher quality grades of foreign leaf (particularly Rhodesian flue-cured).

44. Tropical Commodity Analysis: Coffee, sugar, cocoa, tea, hard fibers and spices represent by far the largest portion of United States agricultural imports, and make dollars available for many producing countries (especially in Latin America and Africa) to purchase U. S. agricultural commodities. Situation papers were prepared from time to time on various of these commodities in connection with United Nations meetings on commodity problems and International Study Group meetings. Many service requests are made by industry, foreign countries and the public regarding these commodities.
45. Estimating Production of Tropical Commodities: Reliable and timely information regarding production and trade of coffee, cocoa, sugar, hard fibers and other tropical products is very important to the United States. No other source, government or private, has so extensive coverage as is now used in collecting and analyzing tropical crop data. This coverage has recently been extended, and wider acceptance of estimates and reports is being given. Circulars on production and trade are published as pertinent information becomes available on these tropical products. Short items of current interest are published in the weekly Foreign Agriculture publication.
46. Proceeds of Sales Increased by Negotiation of More Favorable Exchange Rate Provisions: In countries with a multiplicity of exchange rates, negotiation of a PL 480 sales agreement involves obtaining an exchange rate for the deposit of local currency sales proceeds which assures the U. S. the fairest and best possible monetary return for the commodities furnished. Country situations must also be analyzed for changes which will permit more favorable exchange rate provisions in subsequent sales agreements. In two multiple-rate countries with which sales agreements were concluded in FY 1958, the official exchange rates applicable to agricultural commodities are so low that acceptance of local currency payment at these rates would have resulted in an exchange loss to the United States of about 50% in each case. After difficult and protracted negotiations, special payment arrangements were obtained which virtually eliminated such losses and greatly increased the local currency resources accruing to the United States as the result of the commodity sales.
 - a. In the \$62.4 million agreement with Turkey dated January 20, 1958, the special deposit arrangements will increase the Turkish lira proceeds by the equivalent of approximately \$23 million (calculated at the exchange rate which governs the utilization of the local currency).

- b. In the \$6.0 million agreement with Vietnam concluded in June 1958, the special deposit arrangements will increase the Vietnamese piastre proceeds by the equivalent of approximately \$800,000. This increase will completely eliminate exchange losses in the utilization of the local currency proceeds by agencies of the U.S. Government.
47. Sales Proceeds from Future Shipments Protected Against Devaluation of Foreign Currencies: To assure that, should the exchange rate system of a country be changed during the life of its P.L. 480 sales agreement, the United States will receive the benefits of such changes and otherwise continue to be paid at the proper exchange rate, most sales agreements negotiations have successfully resulted in the inclusion of exchange rate provisions which accomplish this purpose. During fiscal 1958, the following countries with active Title I programs devalued their currencies: Brazil, Finland, France, and Iceland. Appropriate adjustments of P.L. 480 local currency deposits have been obtained with all these countries except Brazil, which did not devalue until May 30, 1958. Successful conclusion of current negotiations with Brazil is anticipated.
48. Further Removal of Restrictions Against U.S. Agricultural Exports Under Gatt: a. During recent months the FAS participated in certain consultations in Geneva within the framework of the General Agreement on Tariffs and Trade (GATT). These consultations were held to discuss further removal of quantitative restrictions against the importation of agricultural and nonagricultural products which had been imposed mainly for balance-of-payments reasons. As the balance of payments position of these GATT member countries has improved, U.S. representatives at these meetings have used the opportunity to press for removal of existing trade barriers as one means of increasing U.S. exports to our trading partners. (Chart 8) Some success has been achieved as a result of these efforts largely initiated by representatives of the FAS in the case of U.S. agricultural products. (Chart 9) Such efforts were also reinforced, in some cases, by representations through usual diplomatic channels of which the Agricultural Attache is a part. On June 13, the United Kingdom announced removal of the import restrictions and allocated \$20 million for imports of fresh, canned and dried fruit from the dollar area for the 1958-59 season. GATT countries have removed import restrictions, partially as a result of these consultations on a diversity of American farm products. This list covers fruit and vegetables (in various forms), some feed grains, certain livestock and poultry products and cotton. (Chart 10)
- b. Western Germany. Also, as its dollar assets have accumulated, Western Germany has liberalized its trade with the dollar area. Since January 1, 1958, Western Germany has added the following (among other) agricultural items to its dollar liberalization list: live poultry, certain fresh vegetables, fresh citrus fruit, pork suasaage, tomato preparations, refined oils for inedible uses,

TRADE AGREEMENTS INCREASE OPPORTUNITIES FOR U. S. EXPORTS

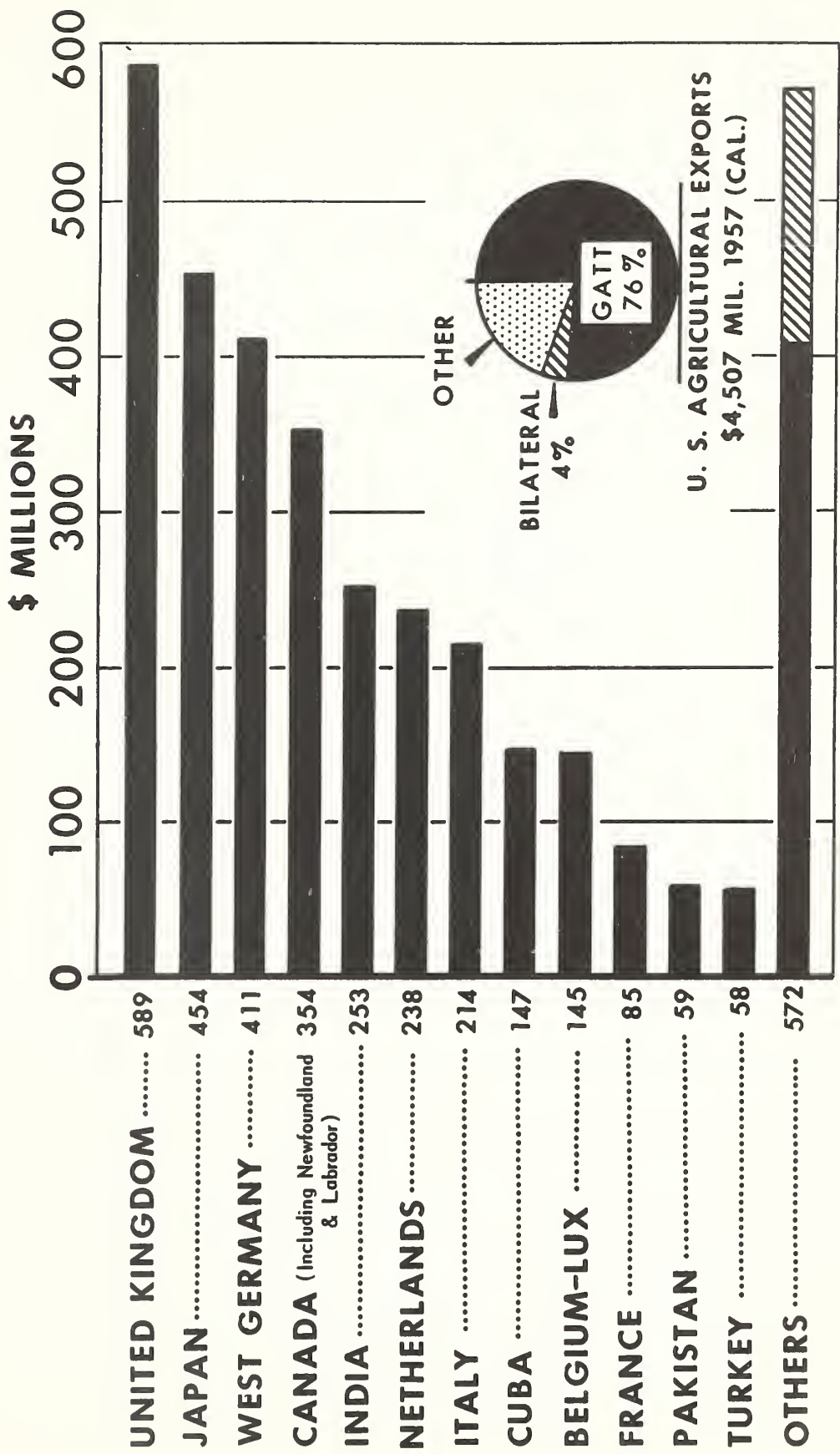


TYPES OF U. S. RECIPROCAL TRADE AGREEMENTS

- Members of General Agreement on Tariffs and Trade (GATT)
- ▨ Dependent territories of members of GATT
- ▩ Bilateral agreements with U.S.A.
- No agreements

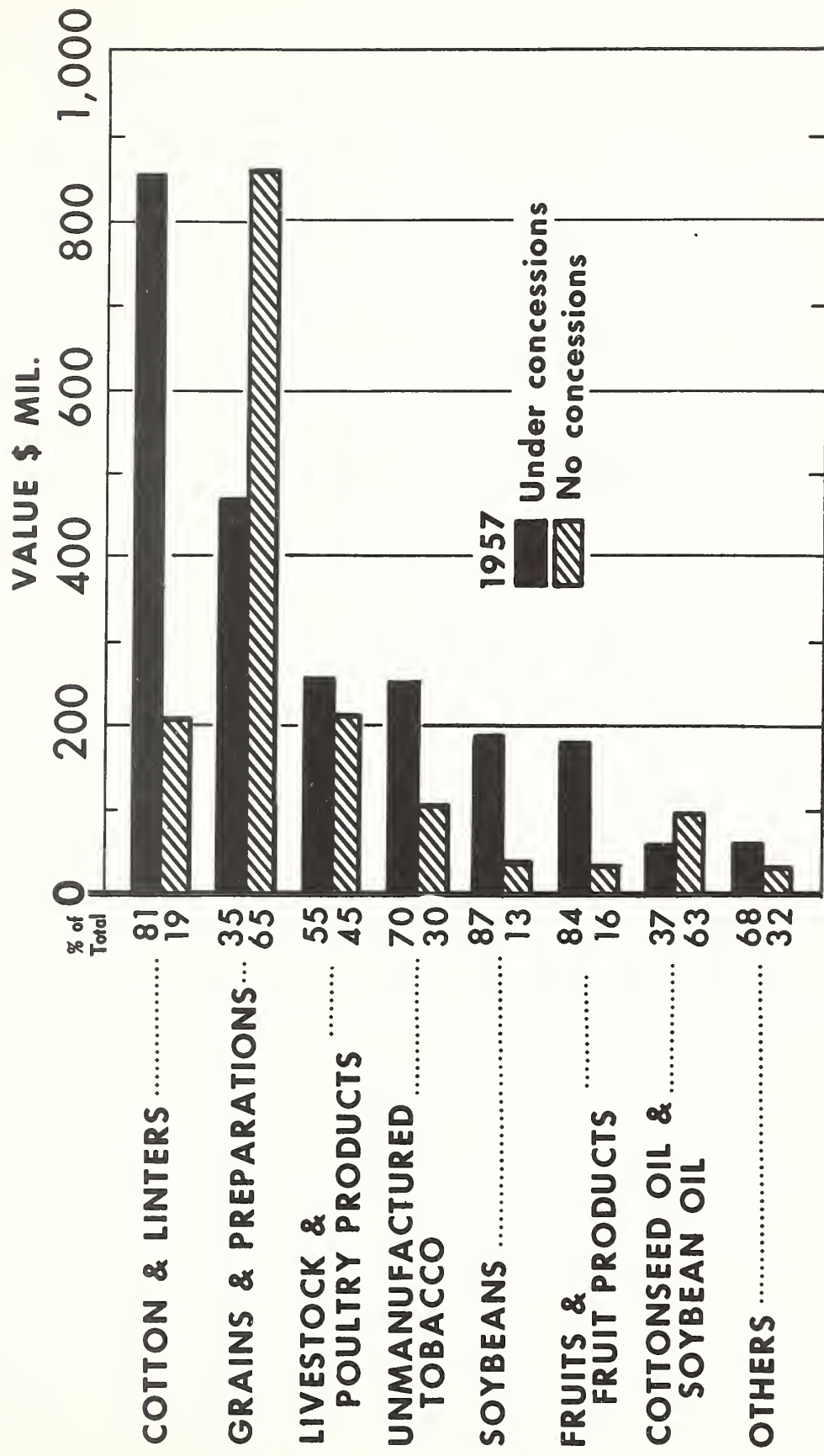
CHART NO. 8

80% U. S. Farm Exports Moved to Trade Agreement Countries in 1957



USDA CHART NO. 9

Many Farm Products Exported Under Tariff Concessions Granted the U. S.



USDA CHART NO. 10

FAS-NEG. 1749



vegetable juices and apricots. Considering the marked improvement in its balance of payments position, however, existing liberalization of trade in West Germany was found to be inadequate in the light of its GATT obligations. As a result, the question was subject to special examination in April-May, 1958, by Germany's trading partners in the Agreement. Following this, the Federal Republic was strongly urged to reconsider its remaining import restrictions and report the results of such reconsideration at a meeting of the Contracting Parties to the GATT in October, 1958. Even further liberalization of trade in agricultural commodities to this important market may result from these continuing efforts in which representatives of the FAS actively participate.

c. European Common Market. A continuing appraisal of the European Common Market area and its impact on American agriculture is being carried forward. The six countries - Italy, France, Germany and the Benelux forming this Common Market - entered into a treaty January 1, 1958. Although the common external tariff of the Community will not be introduced prior to January 1, 1962 (and only then by gradual stages) many of the proposed rates for agricultural products are already known and will be subject to negotiation before taking effect. In this connection, the major responsibility for assembling and analyzing basic trade and tariff data, with respect to agricultural products which are covered by direct concessions to the United States from any of the six member countries under the GATT, will be the responsibility of the F.A.S. Much work will have to be done during the next twelve months in analyzing the potential impact of the proposed Common Market tariff rates on American agricultural exports. Continuing consultations on these and other Common Market problems will accompany the plan as it develops. Not only the preparatory work, but also much of the backstopping work for these consultations will be one of our major responsibilities during the next several years.

d. Tariff Publication. Revision of the publication "United States Tariff Rates on Agricultural Products" has been completed. This is a timely and up-to-date compilation of the U. S. tariff history on all agricultural products since 1930. It is felt that this publication will be most useful to governmental as well as non-governmental people.

49. Agricultural Developments in Angola, British East Africa, Rhodesia and Nyasaland, and Zanzibar: On-the-spot study of an area more than half the size of the United States, which half a century ago had a subsistence economy and today is producing a steadily increasing portion of the world's agricultural and mineral products. The governments of all the countries in the area are spending many millions of dollars annually on improved agricultural production, better transportation, more industry, and increased education and related services. As their world shrinks and their income and production economy improve, the

people in these countries will become increasingly important as producers and consumers to such trading nations as the United States.

50. U.S. Import Duties on Agricultural Products Brought up to Date: This comprehensive listing of the duties that the United States imposes on agricultural products imported into this country was published in fiscal 1958, superseding a similar listing issued in May 1951.
51. Foreign Purchasing Ability Reported in Foreign Agriculture Magazine: To a large degree, dollar holdings of foreign countries determine the level of United States agricultural exports. In selling in the world market, American agriculture needs to know what the dollar purchasing power of foreign countries is. As a means of bringing such information to American agriculture, the Foreign Agricultural Service began a series of regional summaries in its Foreign Agriculture magazine during fiscal 1958 on the financial position and policies of foreign countries and how they affect U.S. farm products in world markets. Summarized were the money troubles of South America, where conditions range from record earnings to severe financial crisis; the financial status of the Sterling Area, the world's largest trading group; dollar trends in the Far East, where economies are mostly agricultural and opportunities for dollar sales are chiefly in the future; and dollar earnings in Western Europe, which more and more is paying with earned dollars for its large takings of U.S. farm products. To come in fiscal 1959 are the dollar outlook in Central America and the economic problems of the Middle East.

AGRICULTURAL ATTACHES

1. Trade Liberalization

(a) Germany - The Office of the Agricultural Attache, in cooperation with the Embassy and other authorities, has been effective in continuing to press for further liberalization of dollar imports of U.S. agricultural products. Oranges, table grapes, canned tomatoes, among other products, have been placed on the liberalization list.

(b) Cuba - Through negotiation with the Cuban Government the Agricultural Attache prevented the embargoing of baby chick exports from the U.S. The Cuban imports of baby chicks in calendar 1957 amounted to \$2,160,000.

(c) Venezuela - The Agricultural Attache persuaded the Venezuelan Government to postpone the requirement that all shell eggs be stamped with country of origin. This, if implemented, would have made it more costly to U.S. exporters. Venezuela is our largest shell egg market.

2. Market Development

(a) Netherlands, Switzerland, Germany - Prior to 1955, European imports of U.S. poultry were insignificant. Through the cooperative efforts of Agricultural Attaches, Marketing Specialists of FAS and the U.S. poultry industry, this market has substantially expanded. Educational programs, demonstrations and promotional activities emphasizing quality and price of the U.S. product have been effective. Importations amounting to several million pounds of dressed poultry have been made during the past year to Germany, Switzerland and the Netherlands, with good prospects that additional market outlets may develop in several other European countries.

(b) Peru - The diligent efforts of the Agricultural Attache resulted in a better understanding between U.S. sources of supply of poultry and Peruvian consumers. Poultry imports increased from 85,000 pounds in calendar year 1956 to 361,000 pounds in 1957.

(c) West Germany - The Office of the Agricultural Attache in Bonn cooperated in bringing three German food scientists to the U.S. to study Food and Drug Regulations and procedures. The project was important because German authorities were considering revision of their Food Laws particularly with reference to the use of colors and decay inhibitors in the shipment of fresh fruits, especially citrus, which could have led to obstacles to the importation of certain U.S. food products.

(d) London - The Office of the Agricultural Attache played an important part in the negotiations which led to dollar access to the British market for U.S. fresh and processed fruits and vegetables.

3. Public Relations

Agricultural Attaches strive constantly to strengthen relations and mutual understanding with foreign countries on agricultural policies and programs by means of speeches at public gatherings, preparing materials for local publications and through the distribution of educational materials supplied by FAS and U.S. trade and business associations. Examples are:

(a) Manila - Through cooperative action by the Offices of the Agricultural Attache and USIS, a comprehensive release received wide distribution through the Philippine press upon the arrival of shipments of U.S. cotton which described and explained the Philippine-American agreement and arrangements under which the cotton was made available, as well as other pertinent information concerning trade between the Philippines and the U.S.

(b) New Zealand - A detailed article of explanation and interpretation of the U.S. surplus disposal policy and program prepared by the Office of the Agricultural Attache in New Zealand had wide distribution in that country. The article emphasized the precautions taken by the U.S. to minimize unfavorable impacts on countries importing similar products, and pointed out that American action in withholding commodities from markets have substantially improved prices in all countries.

(c) Canada - The Office of the Agricultural Attache assisted in the preparation of a speech given by the American Ambassador to Canada at Hamilton on U.S.-Canadian relations. The speech received wide acclaim on both sides of the border and the Ambassador gave special credit to the Attache for assisting with the basic information presented.

(d) Australia - The Agricultural Attache accompanied the U.S. Ambassador and the Naval Attache to Papua and New Guinea. A comprehensive report has been received with a detailed agricultural section written by the Agricultural Attache.

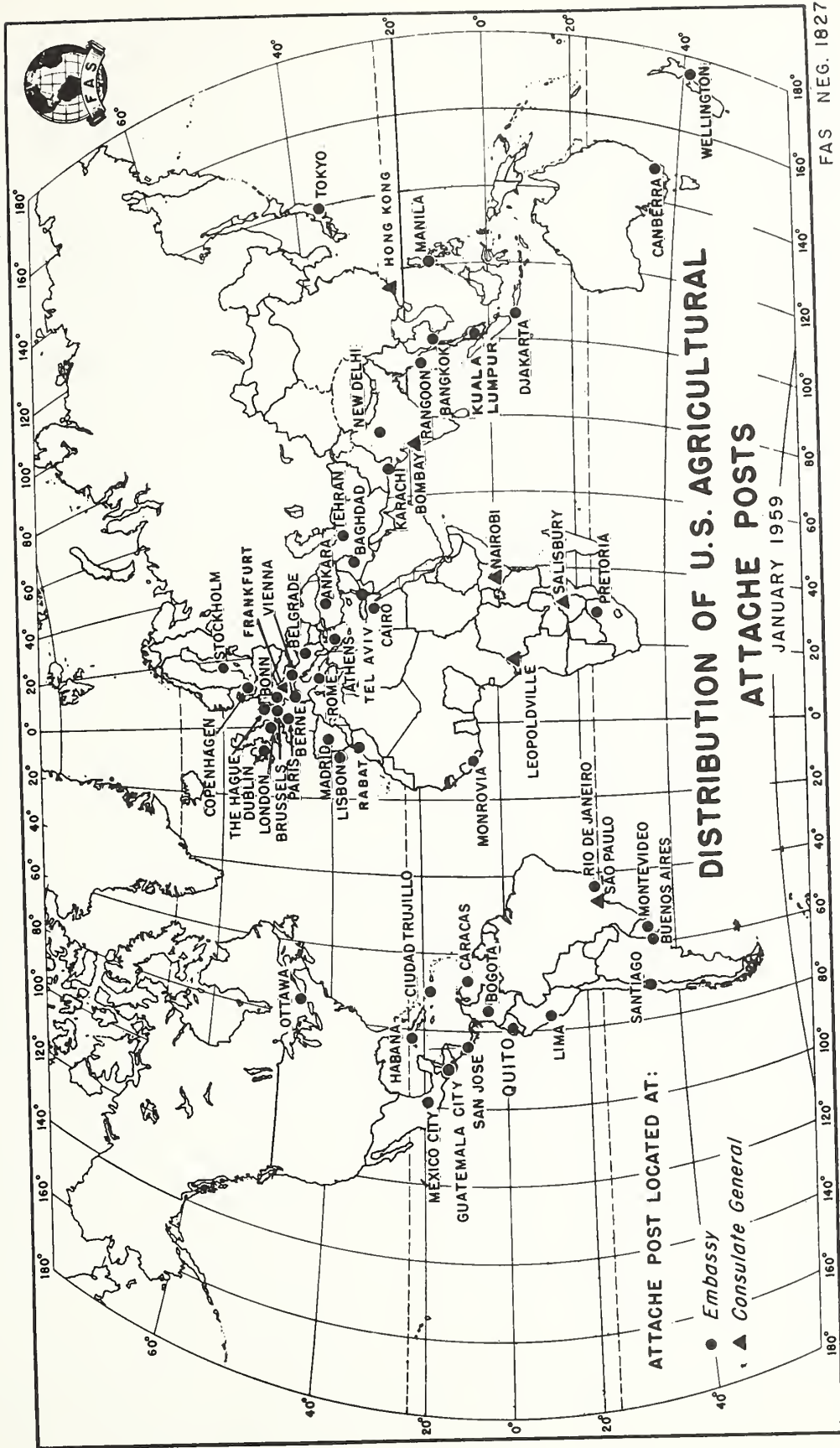
4. Reporting

The Offices of Agricultural Attaches have maintained during fiscal 1958 a continuous flow of information to keep the U.S. agricultural industry informed of actual and potential developments in agricultural policies and programs in the countries of their assignment. This included the preparation and submission of over 4,000 scheduled agricultural reports in addition to voluntary reports, letters, cables and memoranda of which no official count is maintained. To collect, organize and verify this mass of information from both official and unofficial local sources required much ingenuity and resourcefulness as well as extensive travel and personal contact among Government officials, producers, processors and trade representatives by our agricultural representatives. The attache posts are shown on the following map.

5. In-Service Training

Included among the several activities carried on by FAS to improve the efficiency of its field staff were:

(a) Market Development Conferences of Agricultural



Attaches and Officers for the purpose of receiving instructions from USDA officials on U. S. marketing policies, programs and procedures, of presenting and clarifying marketing problems arising in the countries of their assignment, and to exchange views on effective methods and procedures for market development and trade promotion.

(b) Several local agriculturists employed in Agricultural Attache offices were sent to the U. S. in connection with market development projects to receive orientation on the use being made of information supplied from the foreign posts, and to acquaint them with certain aspects of American agriculture.

6. Foreign Currencies Used to Strengthen Attache Program.

In commenting on the activities of the Foreign Agricultural Service, the House Committee in its report proposed that the Department continue to expand as needed its market development activities from Public Law 480 currencies, as authorized under sections 104(a) and (f) of that Act, in order to support a more adequate attache organization. The Senate Committee in its report directed the Department to use counterpart funds (foreign currencies) to fill the vacancies urgently needed for attaches and supporting staff, and to use these funds to the fullest extent possible, for all foreign expenditures.

Beginning with the fiscal year 1959, the equivalent of approximately \$200,000 of section 104(a) currencies in countries where available will be used by FAS for such expenses as salaries of local employees engaged in regular attache activities, quarters and post allowances for the American employees, leases and utilities for attache offices and for residences of American employees, and for some international travel which was previously charged to appropriated funds. The appropriated funds thus released by the use of foreign currencies will be used to strengthen the attache services which were curtailed, or will be used at other points where prospective accomplishments may be more promising or where the Service has not been able to provide adequate staff representation and services. It is planned to use a similar amount in 1960 for this purpose, provided foreign currencies are available.

FOREIGN MARKET PROMOTION

1. Technical Liaison Service Program Builds Markets for U.S. Cotton: Over 100 conferences and discussions on cotton technology were held with importers, merchants, mill owners, technical personnel in private and government research laboratories and other related interests in 11 western European countries. The purpose was to provide technical information on the superior qualities and fiber properties of U.S. cotton, the use of standardized fiber tests and test methods as a guide in buying, selling and processing, and to facilitate the mutual exchange of technical developments in the field of cotton fiber and textile technology.

This technical liaison service program has been enthusiastically received and approved by all segments of the cotton industry. The foreign importers and mill interests are highly appreciative of this program and state that it is very useful in creating a better understanding of the technological aspects of merchandising and processing U.S. cotton. Although the cotton technologist spent most of his effort in Western Europe in 1958, the program is conducted on a worldwide basis with all friendly countries who buy U.S. cotton. In the previous year the cotton technologist worked with the industry in Japan, India, Pakistan, and other Asian countries.

2. Marketing Specialists Appraise Foreign Markets for Cotton: Cotton marketing specialists continued to study and appraise the demand and market conditions affecting the sale of U.S. cotton in foreign countries. Surveys were made in most of the European countries that import U.S. cotton and market prospects and conditions were analyzed in Japan, Australia, Philippines, Hong Kong, India, Pakistan and several other Asian countries. The market surveys and industry contacts serve as a basis for informing U.S. cotton exporters and other trade groups about foreign market prospects and developments. The foreign contacts also provide an opportunity to inform foreign cotton importers and mill interests about marketing programs and conditions in the United States that have an important bearing on the sale of U.S. cotton in export markets. The marketing specialists also learn of the problems and complaints of foreign importers and mills about the marketing and handling of U.S. cotton that are important in the further development and maintenance of the export market.
3. World Cotton Acreage and Production Analyzed: Reports are released three times each year as a part of the world crop reporting system maintained by FAS. Analyses are made by countries of the trends in cotton acreage and production and policies of foreign governments that affect cotton production. Crop conditions are reported for producing countries, and prospects and intentions of foreign production are indicated. These

reports provide American producers and exporters with information on export markets during periods as much as a year ahead.

4. World Cotton Trade Studied: A country by country analysis of cotton exports and imports is published semi-annually as an FAS circular. A full set of trade statistics, included in each report, shows principal sources and destinations of world trade. Particular attention is given to analysis of U.S. export trade and factors affecting it, as well as U.S. cotton export programs as they relate to trade of other countries. Emphasis is also placed on the outlook for U.S. and world cotton trade.
5. World Cotton Supply and Demand Projected: These semi-annual reports, together with statistical balance sheets maintained throughout the year, provide the principal basis for U.S. export trade projections as much as one year in advance. Export trade outlook data enter into calculations of price supports and acreage allotments for the coming year, and are used by governmental agencies and private business in developing export programs or plans for a year or more ahead.
6. U.S. Exports of Dairy Breeding Cattle Analyzed: The first statistical report on U.S. exports of dairy breeding cattle was published covering the period January-June 1957. Data were obtained from the official health certificates issued by the Agricultural Research Service at time of inspection for export. These data were analyzed and published by breed, country of destination, age, sex, and state of origin. The dimensions and structure of the world market for high-quality U.S. breeding cattle, as presented in this circular, are basic to the efforts to further develop and expand this profitable trade. Data for the period July-December and Annual 1957 was published March 25, 1958, and was the second in a series of reports to be published every 6 months.
7. Poultry Market Expanded: As a result of the successful introduction of U.S. frozen ready-to-cook poultry into West Germany and of the market development program carried out in cooperation with industry, the West German government in fiscal 1958 issued dollar tenders for this product in the amount of approximately \$2.4 million. A group of German importers visited the U.S. at their own expense to observe production and processing methods and to make direct contacts with U.S. exporters.

U.S. ready-to-cook poultry is now being introduced in Italy under a P.L. 480 Program providing for \$1 million of this product. The Netherlands government has agreed to issue import licenses for U.S. ready-to-cook poultry. Switzerland has also developed into a major market for U.S. poultry. In 1957, exports to this country amounted to seven million pounds as compared with three million pounds in 1956.

8. Olive Oil Supply Situation Studied: Since the enactment of Public Law 480, large quantities of edible vegetable oils have been exported under Title I. The largest sales under this program have been to countries in the Mediterranean Basin, countries that are major producers--in fact, some, major exporters--of olive oil. Knowledge of the supply-and-distribution picture on some of those countries is invaluable to plans for export sales of U.S. edible oils. For this reason the Foreign Agriculture Circular, "Olive Oil Production in Mediterranean Basin", of July 22, 1957, served a useful purpose by bringing together the facts on the olive oil supply picture.
9. Information Published on World Production and Trade of the Major Fats, Oils, and Oilseeds: An 82-page compendium of facts and figures was issued as a circular entitled "Fats, Oils and Oilseeds; World Trade and Production", under date of November 18, 1957. This publication depicts clearly the important role played by the United States in supplying soybeans, soybean and cottonseed oils, lard, flaxseed and linseed oil, tallow and greases to world markets. Also, it contains much detail regarding trade of competing countries.
10. U.S. Exporters Given Better and More Detailed Information on Oil and Oilseed Markets: Since World War II production of soybeans in the United States has expanded at a rate far beyond the expectation of most authorities in the fats and oils field. Consequently, the urgency has been intensified for finding foreign market outlets for supplies of soybeans, edible oils, and vegetable meals that have exceeded domestic requirements. Prospects are that with U.S. production of soybeans having set a new record in each of the last 4 years, the need for detailed trade information as regards this important oilseed has become acute. Thus, there was issued the circular, "U.S. Exports of Soybeans and Edible Oils at Alltime High in 1956-57; Oilseed Imports Lower", as of December 6, 1957.
11. World Flaxseed Situation Analyzed: Although the U.S. flaxseed crop in 1957 was the smallest in several years, the Commodity Credit Corporation nevertheless in the spring of 1958 was required to take title to nearly 3 million bushels of flaxseed placed under the 1957 price support program. A report issued as a Foreign Agriculture Circular, "World Flaxseed Production and Supplies Down Sharply," dated May 1958 contains a thorough-going analysis of the world supply situation pointing up aspects of foreign competition. The United States normally as one of the world's 3 leading exporters of flaxseed and linseed oil.
12. World Soybean Situation Studied: World soybean production in 1957 established a new record. U.S. production which reached an alltime high, was chiefly responsible for the gain in world production from the previous year. With production of edible oilseeds in certain competing areas of the world at new high levels, and quantities from other sources readily available to importing

countries, the CCC was required to take over record supplies of soybeans from the 1957 crop. To furnish information in determining CCC policy regarding disposition of these supplies, the circular "World Soybean Products at Record Level Fourth Successive Year," was issued.

13. Material Proposed on Tung Oil and Tung Nuts for Tariff Hearing: Much material was prepared for the Department's position for the public hearing held before the Tariff Commission on March 10, 1958, for the purpose of the Commission's determining whether to recommend to the President that imports of tung nuts should be restricted (that is, that the oil equivalent of such imported nuts should be charged against the quotas for oil announced by the President on September 9, 1957, under the authority of Section 22). In conjunction with the hearing, a formal extensive statement was submitted to the Commission recommending that the oil equivalent of any nuts imported should be charged against the quota for tung oil.
14. Further Liberalization of Imports of American Fruits and Vegetables to European Markets: Efforts to obtain liberalization of trade in European markets were continued through direct representations to foreign Governments, as well as under the auspices of the General Agreement on Tariffs and Trade. Principal developments for the fiscal year 1958 include:
 - (a) Austria liberalized imports of fresh grapefruit.
 - (b) Denmark liberalized imports of all tree nuts.
 - (c) Germany extended liberalization to fresh table grapes, fresh citrus fruit, fresh cider apples and cider pears, fresh cranberries, and canned tomatoes. Import restrictions remain on fresh apples and pears and most canned fruits and juices.

In fiscal 1958, however, liberal tenders were used on all of these items.
 - (d) Norway liberalized imports of fresh lemons and fresh grapefruit and of canned fruits and juices not produced in Norway. In fiscal 1958, liberal licensing was extended to fresh oranges.
 - (e) The United Kingdom announced that about \$20 million, on a f.o.b. basis, would be authorized for the importation of fresh, canned, and dried fruits from the dollar area during the 1958-59 marketing season. In addition approximately \$850,000 were authorized for the importation of lemon juice. The U.K. also announced that no further imports of fruit from the United States would be made under currency conversion programs.

The United Kingdom also announced a Northern Hemisphere quota for fresh apples. Under this quota, imports of approximately 3.75 million bushels from all Northern Hemisphere producing

areas (North America plus Western Europe) will be permitted to be imported. Under this program, U.S. exporters may compete not only with Canadian, but also with European apple exporters.

15. Export Trade Kept Informed of Market Conditions and Potentials in Foreign Countries: Grain, Rice, Bean and Seed Marketing Specialists, in addition to material prepared and distributed through various regular publication channels of the Department, worked closely with producers groups and associations, processors and exporters in keeping them advised on the market potentials for U.S. agricultural commodities in foreign markets. On occasions both preceding and following foreign travel, the various marketing specialists have met with groups in principal producing, processing and trade areas for individual commodities in the U.S. to provide for comprehensive discussion and consideration of marketing problems based on the latest information. These contacts have been found to be extremely helpful in enabling various commodity groups to develop and undertake well designed programs of market promotion.
16. Study of World Production and Availabilities of Carpet Wool: A study of the world production and availabilities of carpet wool is being made. This work is being carried on in cooperation with the United States Tariff Commission, which under a Senate Resolution has been instructed to carry out an investigation pursuant to Section 332 of the Tariff Act of 1930, relating to imports of wool for use in the manufacture of carpets and paper-maker felts.

IMPORT CONTROLS

1. Section 22 Investigations Conducted: Section 22 of the Agricultural Adjustment Act, as amended, is designed to protect agricultural programs from being materially interfered with by imports. During the period July 1, 1957, through June 30, 1958, preliminary investigations were conducted on 18 commodities, including figs, dates, peanuts, rye, barley, oats, almonds, filberts, walnuts, tung oil, cheese, dried milk products, butter oil, flax seed, tapico, cotton rough or harsh - cotton 1 1/8 and over and linseed oil. Section 22 cases were prepared for presentation before the U.S. Tariff Commission on almonds, dried figs and fig paste, dates, tung nuts, short harsh cotton and long staple cotton.
2. Section 22 Import Licenses Issued: Presidential Proclamations 3019 and 3025 issued in June 1953 under Section 22 of the Agricultural Adjustment Act, as amended, give the Department of Agriculture responsibility for apportioning imports and issuing import licenses for certain manufactured dairy products. During the period July 1, 1957 through June 30, 1958, 1,854 licenses for imports of cheese were prepared, 86 transfers of country of origin were authorized, 355 changes in port of entry were approved, and about 50 petitions for relief from hardship were received and examined. In addition about 177 licenses for imports of manufactured dairy products other than cheese were issued.

Under Presidential Proclamation 2550 issued on April 16, 1942, 124 licenses for imports of seed wheat were issued.

ACTIVITIES UNDER PUBLIC LAW 480 AND RELATED PROGRAMS

This statement describes the activities and shows the progress for the following:

- I. Sale of commodities for foreign currencies under Title I of Public Law 480 (Agricultural Trade Development and Assistance Act).
- II. Grants of commodities to friendly peoples for famine relief and other assistance under Title II of Public Law 480.
- III. Sale of commodities for foreign currencies under Section 402 of the Mutual Security Act.
- IV. Use of foreign currencies by the Foreign Agricultural Service for foreign market development under Section 104(a) of Title I of Public Law 480.

In addition to use of foreign currencies by the Foreign Agricultural Service for foreign market development projects under Section 104(a) of Public Law 480, the Agricultural Research Service has instituted a program of utilization research abroad under Section 104(a) which is expected to lead to the development of new uses for U.S. agricultural commodities and to aid in the expansion of export markets. Also, under Section 104(k) of Public Law 480, the Department has planned a broad program of scientific research in crop production, forestry and marketing which is administered through the Agricultural Research Service in cooperation with the Agricultural Marketing Service and the Forest Service. Further information with respect to these programs are included in the justification of the Agricultural Research Service.

* * * * *

I. Sale of Commodities for Foreign Currencies under Title I of Public Law 480

1. Authority: Title I of the Agricultural Trade Development and Assistance Act, Public Law 480, as amended, authorizes the President until December 31, 1959, to enter into agreements with friendly nations providing for the sale of surplus commodities for foreign currencies. In negotiating such agreements the President is required, among other things, to take reasonable precautions to safeguard usual marketings of the United States and to assure that sales for foreign currencies will not unduly disrupt world prices, to take appropriate steps to assure the use of private trade channels, and to give special consideration to the development and expansion of demand abroad for agricultural commodities. The legislation authorizes the

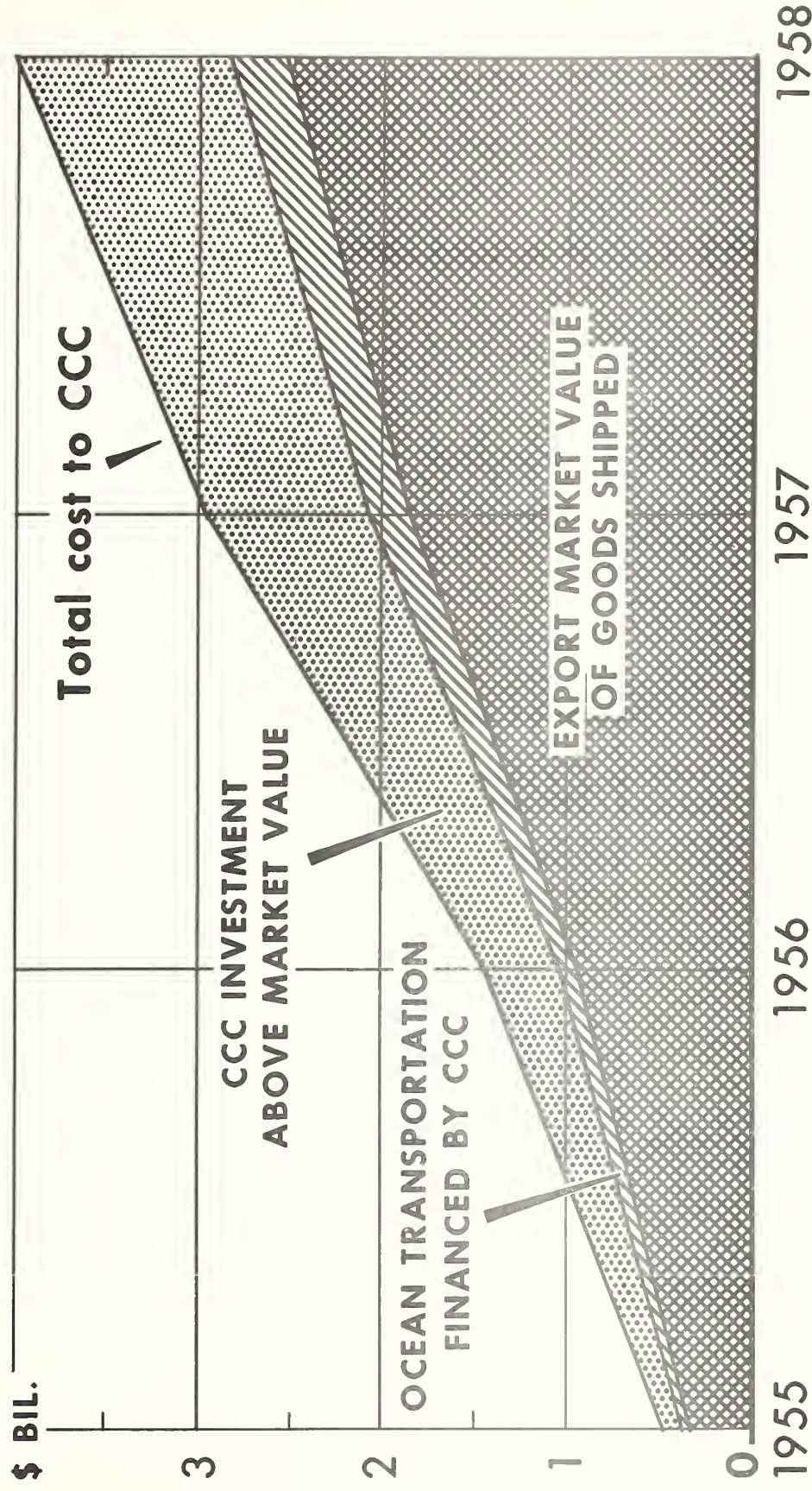
Secretary of Agriculture to determine the nations with whom agreements shall be negotiated and to determine the commodities and quantities which may be included in such negotiations and agreements. The President is authorized to use, in agreement with the country concerned, foreign currencies accruing from sales for various purposes.

2. Total Program Agreements: As of November 30, 1958, a total of 139 agreements, or supplements to agreements were entered into with 37 friendly governments since the inception of the program. The total value of these agreements based on costs to the Commodity Credit Corporation is estimated at \$4,464.8 million with an export market value of \$2,845 million, exclusive of ocean transportation cost of \$354.4 million to be financed by CCC. The commodity composition, export market value, and CCC cost of these agreements are as follows: (Charts 11 and 12)

Commodity	: Unit	: Approximate quantity	: Export market value	: Estimated CCC cost
			: Million dollars	: Million dollars
Wheat and wheat flour....	Bu.....	754,462,000	: 1,269.9	: 2,081.2
Feed grains.....	do....	190,995,000	: 224.8	: 366.7
Rice.....	Cwt....	28,843,000	: 186.8	: 297.6
Cotton.....	Bale....	3,209,900	: 517.6	: 680.6
Cotton linters.....	do....	7,000	: .3	: .3
Meat products.....	Lb.....	121,039,000	: 39.2	: 39.2
Tobacco.....	do....	208,621,000	: 145.3	: 145.3
Dairy products.....	do....	222,369,000	: 43.7	: 74.3
Fats and oils.....	do....	2,552,846,000	: 398.8	: 406.6
Poultry.....	do....	7,400,000	: 2.2	: 2.2
Dry edible beans.....	Cwt....	89,000	: .7	: .7
Fruits and vegetables....	Lb.....	180,914,000	: 15.3	: 15.3
Seeds.....	Cwt....	10,000	: .4	: .4
Total.....			: 2,845.0	: 4,110.4
Ocean transportation.....			: 354.4	: 354.4
Total, including ocean transportation.....			: 3,199.4	: 4,464.8

3. Shipments: About \$2,365 million worth of these commodities at export market value were shipped as of November 30, 1958. About \$650 million of this amount represented shipments during the fiscal year 1958. Shipments for the year dropped considerably from the high level reached in the fiscal year 1957 although the second half of the year showed accelerated shipments. The reduction in FY 1958 exports

Total Sales Under Public Law 480 Top \$4 Billion in 4 Years

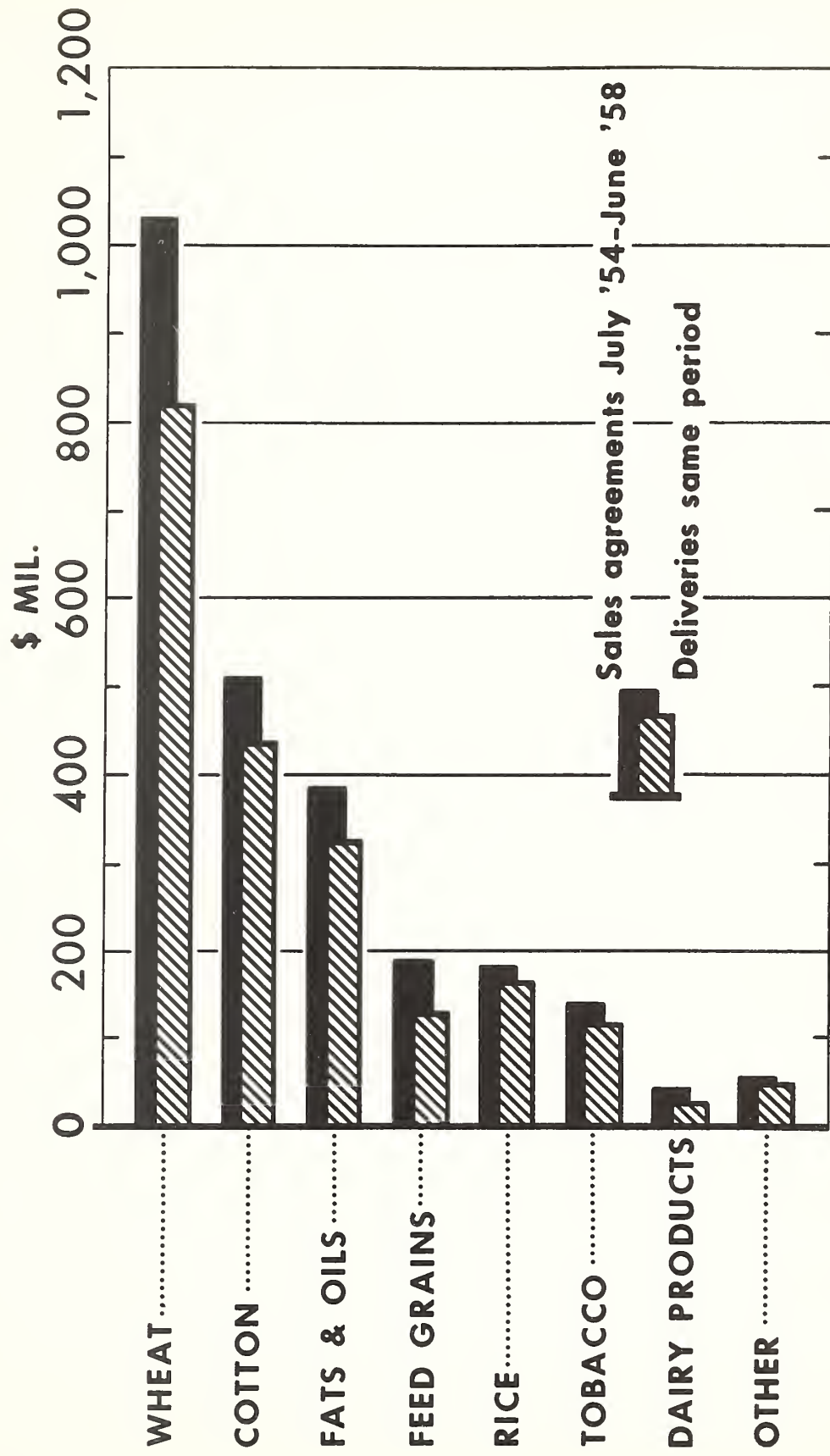


YEAR ENDING JUNE 30

USDA CHART NO. 11

FAS-NEG. 1702

Surplus U. S. Farm Commodities Moved By Public Law 480 Sales



resulted from reduced programming in calendar year 1957.

The value of shipments represented about 16 percent of the total value of agricultural exports during the fiscal year 1958. In terms of quantities, Title I wheat exports comprised about 44% of total wheat exports during the fiscal 1958; rice, 42%; cotton 15%; and cottonseed oil and soybean oil, 53 %.

4. Progress During 1958 Fiscal Year in Negotiating Agreements.

- a. France. The first agreement for the sale of cotton to France under Title I was signed on February 28, 1958. This followed a period during which France's dollar position steadily worsened, with consequent impairment to its ability to buy U.S. cotton. The Title I program will contribute materially to retention of a reasonable share of the French market which, historically, is one of the most important outlets for U.S. cotton.
- b. Iceland. A \$2.8 million dollar Title I program was signed with Iceland on May 11, 1958. The program is especially beneficial to Iceland in that it helps to control inflationary pressures. In addition, the part of the local currency proceeds to be loaned back to Iceland will be used for the construction of a hydro-electric station, which is a self-liquidating investment project.
- c. Korea. A \$50.0 million Title I agreement was signed with Korea which supplied them with surplus agricultural commodities necessary to maintain food consumption levels. The equivalent of \$41 million of this program was earmarked to finance common defense expenditures in Korea. In the absence of a Title I program, it would have been necessary to supply these food imports and to finance the defense expenditures from additional congressional appropriations.
- d. Mexico. An agreement was signed with Mexico which provided for the sale of \$28 million worth, or approximately 500,000 metric tons, of corn. The sale helped reduce burdensome supplies of U.S. corn. In addition to the 500,000 tons of corn purchased with Mexican currency, another 700,000 tons were purchased for dollars, or considerably more than Mexico normally buys with dollars. The pesos generated by the Title I sale are being used for a variety of purposes including the development of new markets for U.S. agricultural commodities in Central and South America, loans to private American and Mexican business firms, and loans to the Mexican Government for economic development purposes.

- e. United Kingdom. The latest in a series of tobacco/housing agreements with the U.K. was signed February 17, 1958. It provided for the sale of \$5 million worth of tobacco with all of the sterling proceeds to be exchanged for family housing for the U.S. Air Force. To date, a total of \$38 million worth of tobacco has been programmed to the U.K. under Title I. These programs have enabled maintenance of a higher level of tobacco exports and greater utilization of U.S. tobacco in the U.K.
5. Program Results: Table I shows the commodity composition of the agreements entered into through November 30, 1958, in terms of dollar amounts, Table II, the approximate quantities, and Table III, the planned uses of the foreign currencies.
6. Amendments to Title I: Section 104(k) added by Public Law 477, The Mutual Security Act of 1958, approved June 30, 1958 provided for the use of foreign currencies to collect, collate, translate, abstract and disseminate scientific and technological information.

Public Law 85-931, approved September 6, 1958, provides an additional authorization of \$2,250,000,000 for Title I of the Act during the period beginning July 1, 1958, and ending December 31, 1959; and extends the termination date under Title I from June 30, 1958, to December 31, 1959.

Section 101(a) was amended to require the President to take precautions in negotiating Title I agreements to protect the normal patterns of trade with friendly countries.

Public Law 85-931 makes extra long staple cotton and cotton products manufactured from upland or long staple cotton available for sale pursuant to Title I, subject to the condition that the portion of the sales price of cotton products to be financed shall be limited to the raw cotton content of such products.

Public Law 85-931 also amends section 104(h) to provide for financing programs for the interchange of persons under Title II of the United States Information and Educational Exchange Act of 1948, as amended. It adds under section 104, new subsections authorizing the use of foreign currencies; for (l) acquisition and construction of sites and buildings abroad for United States Government use; (m) trade fairs participation and agricultural and horticultural fairs participation and related activities; (n) acquisition, indexing, and dissemination of Foreign Publications; and (o) expansion and operation of American-sponsored schools abroad and supporting of workshops or chairs in American studies. The portion of section 104(h) pertaining to the interchange of persons under Title II

TABLE I .--Commodity composition of programs under Title I, P.L. 480 agreements signed
July 1, 1954 through Nov. 30, 1958.

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Market value	Ocean		Mkt. value	Est. CCC
										transp.	1/ O.T.	including O.T.	cost incl. O.T.
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Argentina.....	--	--	--	--	--	--	28.7	--	28.7	.8	--	29.5	34.4
Austria.....	6.9	15.3	--	10.5	4.8	--	2.4	.2	40.1	3.3	--	43.4	62.8
Brazil.....	144.4	.6	--	--	.6	2.2	7.6	--	155.4	24.0	--	179.4	294.6
Burma.....	--	--	--	31.1	3.1	2.6	1.8	.2	38.8	1.9	--	40.7	54.0
Ceylon.....	1.7	--	3.6	--	--	--	--	--	5.3	1.0	--	6.3	9.4
Chile.....	14.2	--	--	7.3	.3	--	14.9	.4	37.1	3.1	--	40.2	54.9
China (Taiwan)...	8.1	--	--	5.0	3.4	1.5	2.3	--	20.3	1.6	--	21.9	28.0
Colombia.....	13.5	--	--	12.1	.5	.2	6.1	--	32.4	3.0	--	35.4	45.4
Ecuador.....	3.2	--	--	.9	.7	--	4.3	--	9.1	.8	--	9.9	12.4
Egypt.....	17.0	--	--	--	--	--	--	--	17.0	2.5	--	19.5	--
Finland.....	10.8	2.3	--	7.6	9.5	--	--	2.2	32.4	2.5	--	34.9	--
France.....	--	--	--	23.1	6.5	--	--	--	29.6	.1	--	29.7	--
Germany.....	--	--	--	--	--	--	--	1.2	1.2	--	--	1.2	--
Greece.....	27.2	14.1	--	--	--	4.4	13.7	--	59.4	6.9	--	66.3	70.2
Iceland.....	1.3	1.7	.1	.5	.9	--	.2	1.0	5.7	.6	--	6.3	7.9
India.....	444.0	22.1	26.4	41.8	6.0	3.5	--	--	543.8	2/120.5	--	664.3	941.4
Indonesia.....	5.0	--	41.3	29.7	15.0	--	--	--	91.0	7.6	--	98.6	145.5
Iran.....	9.5	--	--	--	--	.8	--	--	10.3	2.6	--	12.9	20.9
Israel.....	38.7	37.6	.1	4.4	.8	16.2	7.5	10.7	116.0	14.3	--	130.3	184.3
Italy.....	1.5	6.3	--	85.5	14.9	--	38.6	1.0	147.8	5.3	--	153.1	192.0
Japan.....	48.6	14.4	13.7	52.8	7.7	--	--	--	137.2	13.3	--	150.5	206.3
Korea.....	35.6	31.5	24.5	9.8	6.6	.3	.5	8.0	116.8	14.2	--	131.0	169.8
Mexico.....	--	26.6	--	--	--	--	--	--	26.6	1.6	--	28.2	63.5
Netherlands.....	--	--	--	.2	--	--	--	--	.2	3/	--	.2	.3
Pakistan.....	123.6	--	65.2	4/30.7	4.8	4.9	10.5	--	239.7	28.6	--	268.3	395.8
Paraguay.....	1.7	--	--	--	--	.4	.5	--	2.6	.3	--	2.9	4.5
Peru.....	14.5	--	4.4	--	--	.3	1.0	--	20.2	2.0	--	22.2	36.5
Philippines.....	--	--	6.1	4.9	--	1.7	.4	.1	13.2	1.2	--	14.4	22.2
Poland.....	42.4	19.2	--	54.3	--	1.0	11.7	--	128.6	9.6	--	138.2	199.8
Portugal.....	6.3	--	--	--	--	--	--	--	6.3	.9	--	7.2	13.5
Spain.....	5/4.5	14.5	--	6/59.6	11.5	1.0	166.6	18.2	275.9	18.5	--	294.4	326.5

--continued--

TABLE I. --continued

[illegible]

TABLE 11.-Approximate quantities of commodities under Title I, P.L. 480 agreements signed July 1, 1954 through Nov. 30, 1958.

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Poultry: lb.	Dry: edible: beans: cwt.	Fruits & vege- tables: lb.	Meat lb.	Hay & pastur- seeds: lb.
Argentina.....	1,000	bu.	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Austria.....	4,092	10,910	--	--	7,519	--	199,980	--	--	--	--	--
Brazil.....	85,211	369	--	65.8	277	7,035	19,449	--	--	1,299	--	--
Burma.....	--	--	--	210.8	4,080	14,172	49,132	--	--	808	--	--
Ceylon.....	909	--	550	--	--	--	11,077	--	--	--	--	--
Chile.....	8,973	--	--	44.4	425	--	88,610	--	--	--	--	10
China (Taiwan).....	4,468	--	--	41.0	4,005	4,301	19,361	--	--	--	--	--
Colombia.....	6,921	--	--	68.7	427	1,941	35,087	--	--	--	--	--
Ecuador.....	1,661	--	--	2.5	795	--	28,518	--	--	--	--	--
Egypt.....	10,779	--	--	--	--	--	--	--	--	--	--	--
Finland.....	6,097	1,458	--	43.7	16,417	--	--	--	--	15,666	--	--
France.....	--	--	--	135.9	11,128	--	--	4,542	--	--	--	--
Germany.....	--	--	--	--	--	--	--	--	--	--	--	--
Greece.....	16,773	12,619	--	--	--	34,412	81,347	--	--	--	--	--
Iceland.....	667	1,256	12	2.5	807	--	1,017	--	--	10,130	--	--
India.....	265,595	19,266	4,339	255.2	5,972	25,498	--	--	--	--	--	--
Indonesia.....	3,034	--	6,711	208.1	25,649	--	--	--	--	--	--	--
Iran.....	5,296	--	--	--	--	1,630	--	--	--	--	--	--
Israel.....	22,919	33,488	6	24.0	1,125	77,259	52,075	--	82	882	24,758	--
Italy.....	896	4,926	--	536.1	19,304	--	237,084	2,858	--	--	--	--
Japan.....	30,979	11,325	2,142	319.3	9,792	--	--	--	--	--	--	--
Korea.....	21,150	29,791	3,030	59.2	8,486	1,210	3,125	--	--	--	15,041	--
Mexico.....	--	20,484	--	--	--	--	--	--	--	--	--	--
Netherlands.....	--	--	--	1.8	--	--	--	--	--	--	--	--
Pakistan.....	72,756	--	10,225	1/174.4	5,777	10,117	63,130	--	--	--	--	--
Paraguay.....	1,001	--	--	--	--	917	3,521	--	--	--	--	--
Peru.....	8,618	--	672	--	--	1,099	7,964	--	--	--	--	--
Philippines.....	--	--	938	32.7	--	16,491	3,622	--	7	--	167	--
Poland.....	25,031	16,686	--	559.0	--	9,655	92,128	--	--	--	--	--
Portugal.....	3,879	--	--	--	--	--	--	--	--	--	--	--
Spain.....	2/2,598	11,673	--	3/337.9	17,467	4,723	1,023,587	--	--	50,822	66,466	--

--continued--



TABLE II.-continued

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Poultry: edible:	Dry beans	Fruits & vege- tables	Meat	Hay & pastur- seeds
	1,000 bu.	1,000 bu.	1,000 cwt.	1,000 bales	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 cwt.	1,000 lb.	1,000 lb.	1,000 cwt.
Thailand.....	--	--	--	--	5,439	1,957	--	--	--	--	--	--
Turkey.....	42,762	16,744	218	--	--	9,952	271,636	--	--	--	14,607	--
United Kingdom..	--	--	--	--	54,030	--	--	--	--	101,307	--	--
Viet Nam.....	--	--	--	--	9,700	--	--	--	--	--	--	--
Yugoslavia.....	101,397	--	--	293.9	--	--	261,396	--	--	--	--	--
Total.....	754,462	190,995	28,843	3,216.9	208,621	222,369	2,552,846	7,400	89	180,914	121,039	10

1/ Includes 5,000 bales extra-long staple. 2/ Wheat sold to Spain for resale to Switzerland for financing procurement of Swiss goods by Spain. 3/ Includes 7,000 bales cotton lintners and 20,000 bales extra-long staple.

	Thous. bu.
4/ Corn	78,655
Oats	7,476
Barley	66,431
Grain sorghums	34,509
Rye	3,924
Total	190,995

	Thous. lb.
6/ Cottonseed oil and/or soybean oil	1,890,163
Cottonseed oil, soybean oil &/or lard	268,142
Linseed oil	7,492
Lard	203,152
Tallow and/or grease	183,897
Total	2,552,846

	Thous. lb.
5/ Condensed milk	9,511
Dry whole milk	3,118
Nonfat dry milk	113,714
Evaporated milk	29,016
Butter, butter oil &/or ghee	45,634
Cheese	19,375
Whey	2,001
Total	222,369

7/ All fruit except Spain which is potatoes.

	Thous. lb.
8/ Israel, frozen beef	24,758
Korea, canned pork	15,041
Philippines, variety meats	167
Spain, canned hams	2,403
fat backs	2,547
frozen beef & variety meats	61,516
Turkey, frozen beef	14,607
Total	121,039

TABLE III--Planned uses of foreign currency under Title I, P.L. 480 agreements signed July 1, 1954 through Nov. 30, 1958. 1/ (Amounts are in dollar equivalents at the deposit rate of exchange)

Country	Total amt. : in agreements : (Mkt. value : incl. O.T.)	Market		Purchase		Military		Purchase of		Grants for		Loans to		Transla-	
		develop-		of		strategic		goods for		multi-trade: private		: U.S. obli-		: Int. ed.	
		ment		material		curement		other		: & economic		: gations		: exchange	
		(104 a)	(104 b)	(104 c)	(104 d)	(104 e)	(104 f)	(104 g)	(104 h)	(104 i)	(104 j)	(104 k)	(104 l)	(104 m)	(104 n)
		Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.
		equiv.	equiv.	equiv.	equiv.	equiv.	equiv.	equiv.	equiv.	equiv.	equiv.	equiv.	equiv.	equiv.	equiv.
Argentina.....	31.1	.5	--	--	--	--	--	2/	9.9	20.0	20.0	7	--	--	--
Austria.....	42.9	1.0	--	--	--	--	--	2.8	12.1	26.3	26.3	--	.1	--	.6
Brazil.....	179.9	2.7	--	2.0	--	--	--	--	22.4	149.2	149.2	2.2	.5	--	.9
Burma.....	40.7	.9	--	--	--	--	--	2/	6.0	32.5	32.5	--	.5	--	.8
Ceylon.....	6.3	--	--	--	--	--	--	--	1.5	2.2	2.2	--	--	--	.1
Chile.....	39.6	.8	--	--	--	--	--	--	5.8	31.6	31.6	1.3	--	--	--
China (Taiwan).....	21.9	.7	--	10.9	--	--	--	--	6.0	--	--	1.3	--	--	--
Colombia.....	36.4	1.1	--	1	--	--	--	2/	6.4	25.3	25.3	.6	--	--	1.3
Ecuador.....	9.9	.3	--	--	--	--	--	--	1.0	7.2	7.2	.5	--	--	.4
Egypt.....	19.6	.5	--	--	--	--	--	--	4.7	13.6	13.6	.8	--	--	--
Finland.....	36.0	.5	--	--	--	--	--	3.6	9.1	19.0	19.0	.9	.3	--	.3
France.....	29.7	2.6	--	--	--	--	--	4.7	13.7	--	--	1.0	--	--	.8
Germany.....	1.2	1.1	--	--	--	--	--	--	1	--	--	--	--	--	--
Greece.....	66.0	1.8	--	--	--	--	--	--	14.4	37.4	37.4	.5	--	--	1.5
Iceland.....	5.9	.1	--	--	--	--	--	--	.9	3.9	3.9	.2	--	--	--
India.....	658.2	4.0	--	--	--	--	--	6.0	92.6	383.8	383.8	1.8	1.1	--	5.2
Indonesia.....	96.7	1.0	2.0	--	--	--	--	--	15.7	77.4	77.4	.6	--	--	--
Iran.....	12.4	.2	--	5.9	--	--	--	--	2.8	2.5	2.5	.8	--	--	.2
Israel.....	130.3	1.0	--	--	--	--	--	.5	17.7	91.4	91.4	--	--	--	1.4
Italy.....	152.9	2.7	--	--	--	--	--	2/10.0	31.6	100.5	100.5	--	.5	--	--
Japan.....	150.8	3.3	--	5/	--	--	--	10.9	5/25.6	108.9	108.9	2.1	--	--	.6
Korea.....	132.0	.5	--	106.8	--	--	--	--	21.2	--	--	.9	--	--	.9
Mexico.....	28.2	2.5	--	--	--	--	--	--	7.1	13.6	13.6	1.2	--	--	--
Netherlands.....	.3	.3	--	--	--	--	--	--	4/	--	--	--	--	--	--
Pakistan.....	268.3	2.7	--	79.4	--	--	--	--	49.7	89.1	89.1	3.1	1.3	--	2.0
Paraguay.....	3.0	.2	--	--	--	--	--	--	.4	2.2	2.2	.2	--	--	--
Peru.....	25.2	1.7	--	1	--	--	--	--	4.0	16.0	16.0	.9	.2	--	.4
Philippines.....	14.4	.8	--	3.1	--	--	--	--	1.0	5.2	5.2	.8	--	--	.8
Poland.....	138.0	.6	--	--	--	--	--	2/	137.4	--	--	--	--	--	--

--continued--

TABLE III--continued

Country	Total amt. : in agreements : (Wkt. value : incl. O.T.)	Market : develop- : ment	Purchase : of : strategic : material	Military : pro- : curement	Purchase of : goods for : other : countries 2/	Grants for : Loans to : : multi. trade : private : U.S. obli- : foreign : & economic : enter- : gations : govern- : development : prise : 3/ : ments	Transla- : tion and : : exchange : publi- : cation	Information : and : education
		(104 a) : (104 b) : (104 c) : (104 d) : (104 e) : (104 f) : (104 g) : (104 h) : (104 i) : (104 j)						
	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.	Mill. dol.
	equiv.	equiv.	equiv.	equiv.	equiv.	equiv.	equiv.	equiv.
Portugal.....	7.1	.3	--	--	--	3.1	.3	--
Spain.....	295.7	3.1	--	9.5	--	127.3	1.1	.5
Thailand.....	4.6	.7	--	--	--	.8	.6	.1
Turkey.....	162.6	2.9	--	52.2	--	69.7	1.4	.1
United Kingdom.....	48.2	3.6	--	5/	--	5/44.6	--	--
Viet Nam.....	6.0	4/	--	3.0	--	1.5	.3	.2
Yugoslavia.....	294.5	1.1	--	--	91.8	66.0	--	.3
Total.....	6/3,196.5	47.8	2.0	273.1	38.5	169.3	830.8	1,576.9
Uses as percent of total.....	100.0	1.5	.1	8.5	1.2	6.3	5.3	26.0
								49.3
								.8
								.2
								.8

1/ Amounts shown on this table are subject to adjustment when actual purchases and allocations have been made. 2/ Amounts shown in this column indicate a specified amount in the agreement for this use. Footnote 2/ only shows an unspecified amount for possible procurement for third countries. A footnote and an amount indicate more than one agreement including both specified and unspecified amounts. 3/ In order to provide flexibility in the use of funds, many agreements provide that a specified amount of local currency proceeds may be used under various U.S. use categories. Therefore, estimates based on the best information now available are indicated under the appropriate subsection. Balances not otherwise distributed are included under subsection (f). This distribution is subject to revision when allocations have been completed. 4/ \$50,000 or less. 5/ The Japanese agreement for the July-June year 1955-56 provides for the use of \$8.1 million and the U.K. agreements provide for approximately \$74.9 million under subsec. 104(c). However, since in return for this currency use, these countries will construct and make available to the U.S. Armed Forces an equivalent value of dependent housing, the amounts are shown under 104(f). 6/ Amounts shown in this column may differ from amounts shown on Table IV, which reflects purchase authorization transactions.



of the United States Information and Educational Exchange Act of 1948, as amended, and new sections 104(k), (l), (m), (n), and (o) are limited by the act to amounts specified from time to time in appropriation acts.

II. Grants of Commodities to Friendly Peoples
for Famine Relief and Other Assistance Under
Title II of Public Law 480

1. Legislative Authority: The Department cooperates with the International Cooperation Administration in the review and clearance of all proposals for use of commodities pursuant to Title II of Public Law 480. Under this title the President is authorized to furnish, out of CCC stocks and on a grant basis, surplus agricultural commodities to friendly governments or peoples, to assist in meeting famine, or other urgent or extraordinary relief requirements, or to assist programs undertaken with friendly governments or through voluntary relief agencies. Programs of assistance may be authorized over a 5-1/2-year period ending December 31, 1959. Reasonable precautions must be taken to assure that these transfers will not displace or interfere with sales that might otherwise be made.
2. Shipments Authorized: Through November 30, 1958, shipments authorized approximated \$484 million, including \$290 million in grain, \$32 million in fats and oils, \$14 million in raw cotton, \$58 million in milk and milk products, and \$4.0 million in dry beans. Ocean transportation costs of \$86 million for Title II and III are included.

Programs undertaken recently are illustrative of the scope of this legislation. About 65,000 metric tons of wheat, valued by CCC at \$12 million are being made available to Lebanon to assist people affected by severe drought and crop failure, as well as by the current hostilities. Prolonged drought in Jordan resulted in an acute need for emergency distribution of food and feed grains and \$3.8 million of these commodities are being supplied. About 3,000 tons of wheat have been programmed for Libya to relieve hardship resulting from severe drought in some parts of the country, coupled with unemployment arising from the withdrawal of some of the British troops formerly stationed there. In Tunisia, severe unemployment and emergency famine conditions will be relieved by public works project and workers will be paid partly with wheat supplied by the U.S.

In another program for Tunisia, undertaken at the request of the United Nations High Commissioner for Refugees, wheat, cheese, and nonfat dry milk, valued in all at \$6.2 million, are being furnished to meet the urgent relief needs of Algerian refugees. Over \$9 million of wheat flour and rice

were supplied to needy persons in Ceylon suffering from a flood which created widespread havoc and damage to food stocks, reservoirs, and farm land. About 20,000 tons of wheat were furnished to Nepal to prevent famine and serious social unrest which otherwise would have resulted from major crop failures caused by two successive drought years. Food stocks were seriously reduced in the Ryukyu Islands as a result of Typhoon Faye and 6,700 tons of rice were shipped to help persons who suffered from this emergency.

About \$2.8 million of wheat flour and \$2.0 million of nonfat dry milk were sent to Italy to continue the U.S. contribution to the school lunch program for needy Italian children and to extend the program further into depressed areas. About 36,000 tons of wheat flour and 6,000 tons of corn meal with a total value of \$7.8 million were also supplied to Italy for a rural assistance program. Up to 58,000 tons of corn, valued by CCC at \$7.0 million are being shipped to Austria to conclude the earlier U.S. commitment to help the Austrian Government meet the emergency costs of the influx of Hungarian refugees.

Transfer authorizations issued under Title II from July 1, 1954 to November 30, 1958, are shown in Table IV.

TABLE IV. Transfer authorizations issued under Title II, Public Law 480, July 1, 1954-
November 30, 1958

Area and country	Total	Bread grains	Coarse grains	Fats and oils	Dry beans	Milk and milk products	Rice	Raw cotton
Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars
Europe (total).....	162,401	71,124	31,719	14,818	1,592	36,003	730	6,415
Austria.....	22,360		22,360					
Czechoslovakia.....	1,995		1,995					
Germany, Federal								
Republic.....	3,000	236	686	911		367	171	629
Germany, Soviet								
Occupied.....	758							
Hungary.....	12,648	236	380	81			61	
Italy.....	72,545	4,043	1,907	2,088	437	3,759	414	
Spain.....	2,100	21,231	4,391	10,306	1,155	31,776		3,686
Yugoslavia.....	46,995	45,378		1,432		101	84	2,100
Africa (total).....	30,909	28,171	650			2,088		
Ghana.....	650		650					
Libya.....	2,910	9,910						
Morocco.....	6,768	6,768						
Tunisia.....	13,581	11,493				2,088		
Near East and South								
Asia (total).....	105,315	63,450	1,861	9,691		5,289	20,550	4,474
Afghanistan.....	10,769	10,769						
Ceylon.....	8,166	4,821					3,345	
India.....	4,665	1,017				1,165	2,483	
Iran.....	2,748	2,748						
Jordan.....	3,800	2,000	1,800					
Lebanon.....	12,000	12,000						
Nepal.....	3,270	3,205	61			4		
Pakistan.....	47,717	22,160		6,149		253	14,681	4,474
Turkey.....	12,180	4,730		3,542		3,867	41	

--continued--

TABLE IV.--continued

Area and country	Total	Bread grains	Coarse grains	Fats and oils	Dry beans	Milk and milk products	Rice	Raw cotton
Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars
Far East and Pacific (total)	43,801	28,897				8,118	6,769	107
Cambodia	2,343						2,343	
China (Taiwan)	29							29
Japan	36,199	28,081				8,118		
Korea	78							78
Laos	839						839	
Miyukyu Islands	3,587						3,587	
Viet Nam	726	726						
Latin America (total)	38,682	15,691	10,737	1,491	1,377	2,030	4,828	2,528
Bolivia	17,182	10,102		1,137		391	3,024	2,528
British Honduras	273	22	25	106	46	44	30	
Costa Rica	212		37	68	51		56	
Guatemala	3,238		3,238					
Haiti	3,409	206	133	180	1,210	44	1,636	
Honduras	211		59		70		82	
Mexico	216		216					
Peru	13,941	5,361	7,029			1,551		
Christmas holiday	16,688	2,306		5,973	1,005	4,206	3,198	
Total commodity programs	397,796	209,549	44,967	31,973	3,974	57,734	36,075	13,524
Ocean freight 1/								
Title II shipments	15,848							
Title III foreign donations	70,750							
Grand total	484,394							

1/ Including transportation costs financed under Public Law 480 only. Ocean freight paid by the United States prior to fiscal year 1957 was financed under the Mutual Security Act.



3. Amendments to Title II: Authority to undertake assistance programs under Title II was extended to December 31, 1959, by Public Law 85-931. The present limitation of \$800 million is considered sufficient to carry out programs of assistance under this authority.

III. Sale of Commodities for Foreign Currencies
Under Section 402 of the Mutual Security Act

Section 402 of the Mutual Security Act authorizes funds to be appropriated to finance the export and sale for foreign currencies of surplus agricultural commodities or products thereof produced in the United States. In close cooperation with the International Cooperation Administration, transactions are initiated or promoted by the Department in the sale of surplus agricultural commodities under Section 402. A minimum of \$175 million was required to be utilized during the fiscal year 1958. ICA approved procurement authorizations totaling approximately \$206 million worth of agricultural commodities in 1958 compared to about \$281 million in 1957, as indicated in the following table.

<u>Commodity</u>	Export Market Value Authorized		
	1957	:	1958
	(Millions)		
Bread grains	\$ 105.0		\$ 43.0
Coarse grains	29.0		4.0
Cotton	85.0		115.0
Fats and oils	21.0		29.0
Dairy products	22.0		7.0
Other	<u>1/</u> 19.0	<u>1/</u>	8.0
Total	281.0		206.0

1/ Includes ocean transportation

A minimum of \$175 million is required to be utilized for this purpose during fiscal year 1959.

Amendments to Title III: Public Law 85-931 amends Title III to provide (1) that Commodity Credit Corporation is authorized to purchase products of oil seeds and edible seeds and oils for donation purposes under Section 416, and (2) that the Secretary is required to engage in barter whenever he determines that such action is in the best interest of the United States and directs him to take reasonable precautions to safeguard usual marketing of the United States and to assure that barter or exchanges do not unduly disrupt world prices or replace cash sales for dollars.

IV. Use of Foreign Currencies by the Foreign
Agricultural Service for Foreign Market
Development Work under Section 104(a) of
Title I of Public Law 480

1. Legislative Authority: Title I of Public Law 480 authorizes the President to enter into agreements with friendly nations providing for the sale of surplus commodities for foreign currencies. The President is authorized to use, in agreement with the country concerned, foreign currencies accruing from sales for various purposes.

Section 104(a) of the Act provides that foreign currencies accruing from the sale of surplus agricultural commodities may be used "to help develop new markets for United States agricultural commodities on a mutually benefiting basis." Overall responsibility for market development projects under this Section of the Act rests with the Department of Agriculture.

2. Objective: The objective of market development projects conducted with foreign currencies is to maintain and expand present export markets or to develop new foreign markets for United States agricultural commodities. To the extent practicable, the Foreign Agricultural Service enters into agreements with trade groups, both U.S. and foreign, for the operation of these projects. However, this will be done only if the trade group will make a financial contribution. If a trade group is unable or unwilling to undertake a needed project, it may be carried out directly by the Foreign Agricultural Service.

Approval of market development projects depends upon availability of funds, benefit to U.S. agricultural exports, whether trade groups concerned represent broadly U.S. commodity interests, and harmony with U.S. foreign policies.

3. Types of Projects: A wide variety of market development projects is underway or planned with emphasis on the following:
 - a. Market Surveys--This type of project is designed to determine potential demand for specific agricultural commodities and how this demand may be developed and supplied.
 - b. Nutrition Education--These activities improve the health and welfare of people abroad and at the same time expand the market for agricultural commodities that can be supplied by the United States.

- c. Two-way Visits--Visits by foreigners to the United States and visits of United States citizens to foreign countries improve trade relations. The exchange of ideas and information in this manner is expected to result in greater consumption of United States agricultural commodities.
 - d. Promotion and Advertising--United States advertising and sales techniques are being used abroad with appropriate variations to meet local conditions.
 - e. Demonstrations--This market development technique is used to demonstrate types, varieties, grades, and classes of United States agricultural commodities available for export.
 - f. Trade Fairs and Exhibits--Market development projects are also conducted through participation in international trade and food fairs. The United States participates in two kinds of fairs: One is the diversified fair of a largely industrial type; the other is the food fair, which is devoted exclusively to food items. Exhibits are planned where the greatest number of potential buyers of agricultural products are expected to congregate.
 - g. Comprehensive Economic Studies--While cooperator projects including trade fairs have been emphasized to date, a new type of activity has been developed in fiscal 1958 which will increase activities in the noncooperator area in the future. Comprehensive economic studies are being contracted for by the Foreign Agricultural Service in countries important to U.S. exports to determine long-range market development work abroad.
4. Foreign Currencies Available: Through November 30, 1958, foreign currencies equivalent to approximately \$47.8 million at agreement rates were provided for market development activities in Title I sales agreements signed with 36 countries. Bolivia was originally included, but the agreement expired without any activity.

The following table shows by country the dollar equivalent of the amounts of foreign currencies estimated to be available from Title I sales agreements for market development; the 1956, 1957, and 1958 obligations; estimated obligations for 1959; and the estimated amounts available for future years:

Country	Estimated : Amount : Available : for Market : Develop- : ment :	Loss or : Gain from : Changes : in : Exchange : Rates :	Prior : Year : Obliga- : tions :	Actual : Obliga- : tions : 1958 :	Estimated : Obliga- : tions : 1959 :	Estimated : Amount : Available : for : Future : Years :
	\$	\$	\$	\$	\$	\$
Argentina.....	500,000	-1,005	2,694	81,902	70,000	344,399
Australia.....1/	5,000	---	---	---	5,000	---
Austria.....	900,000	+ 399	331,793	91,701	457,000	19,905
Belgium.....2/	245,586	- 345	47,274	48,756	149,211	---
Belgian Congo:3/	2,000	---	---	---	2,000	---
Brazil.....	2,600,000	-213,255	49,342	603,667	337,000	1,396,736
Burma.....	900,000	+84	11,812	126,610	49,000	712,662
Chile.....	800,000	-18,344	23,332	204,200	90,000	464,124
China-Taiwan..	700,000	---	---	---	---	700,000
Colombia.....	1,090,040	-166,185	282,348	76,366	312,000	253,141
Denmark.....4/	20,000	---	---	---	20,000	---
Ecuador.....	300,000	-12,840	9,714	110,224	35,000	132,222
Egypt.....	500,000	---	---	---	10,000	490,000
Finland.....5/	500,000	-87,692	7,420	53,291	122,000	229,597
France.....	2,600,000	---	529,859	623,431	288,000	1,158,710
Germany.....6/1,	481,381	---	599,894	97,729	734,000	49,758
Ghana.....7/	31,000	---	---	---	31,000	---
Greece.....	1,459,287	+1,028	180,970	269,842	429,043	580,460
Guatemala.....8/	20,285	---	---	9,960	10,325	---
Iceland.....	100,000	---	---	---	---	100,000
India.....	3,583,417	---	---	262,928	695,830	2,624,659
Indonesia.....	1,000,000	---	17,660	-3,072	27,000	958,412
Iran.....	200,000	---	---	2,271	95,000	102,729
Israel.....	919,000	---	2,500	3,000	141,000	772,500
Italy.....	2,248,000	---	987,430	478,279	727,000	55,291
Japan.....9/3,	454,624	---	2,163,900	784,875	396,624	109,225
Korea.....	500,000	---	28,465	24,385	50,000	397,150
Malaya.....10/	45,170	---	---	---	45,170	---
Mexico.....	2,335,051	---	---	64,219	594,051	1,676,781
Netherlands...11/	602,152	-1,202	35,489	270,474	223,946	71,041
Nigeria.....12/	57,000	---	---	---	57,000	---
Norway.....13/	12,000	---	---	---	12,000	---
Pakistan.....	2,671,000	+2,292	60,758	152,887	66,000	2,393,647
Paraguay.....	200,000	---	---	---	---	200,000
Peru.....	1,700,000	+ 393	78,698	231,780	72,000	1,317,915
Philippines...:	800,000	---	---	67,701	258,000	474,299
Poland.....14/	700,000	-131,880	---	100,655	286,000	181,465
Portugal.....	300,000	---	---	33,488	153,000	113,512
Spain.....	3,069,000	-66,164	614,217	242,244	688,000	1,458,375
Sweden.....15/	230,000	---	---	---	230,000	---
Switzerland...16/	346,007	- 329	149,671	95,415	97,800	2,792
Thailand.....	700,000	+12,309	204,769	220,080	188,000	99,460
Tunisia.....17/	2,000	---	---	---	2,000	---
Turkey.....	2,900,000	-224,342	48,793	11,170	263,000	2,352,695
United Kingdom	3,600,000	---	---	288,534	312,000	2,999,466
Yugoslavia....	971,000	-120,000	257,411	75,676	384,000	133,913
Total 14/ :	47,900,000	-1,027,078	6,726,213	5,804,668	9,215,000	25,127,041

- 1/ Estimated 1959 conversion of Indian rupees (\$5,000).
- 2/ From 1958 conversion of German D marks (\$47,619), Grecian drachma (\$50,000) and estimated 1959 conversion of Indian rupees (\$138,000) and Grecian drachma (\$9,967).
- 3/ Estimated 1959 conversion of Indian rupees (\$2,000).
- 4/ Estimated 1959 conversion of Italian lira (\$20,000).
- 5/ Includes \$75,000 of section 104(f) funds for travel abroad of U.S. agricultural specialists.
- 6/ Of this amount, a total of \$429,000 is the estimated 1959 conversion of Brazilian cruzeiros (\$100,000), Grecian drachma (\$125,000), Italian lira (\$75,000) and Yugoslavian dinars (\$129,000).
- 7/ Estimated 1959 conversion of Spanish pesetas (\$31,000).
- 8/ From 1958 conversion of Colombian pesos (\$9,960) and estimated 1959 conversion of Mexican pesos (\$10,325).
- 9/ Of this amount, \$154,624 is the estimated 1959 conversion of Mexican pesos.
- 10/ Estimated 1959 conversion of Pakistan rupiah (\$29,000) and Indian rupees (\$16,170).
- 11/ Of this amount, a total of \$100,206 was derived from the 1958 conversion of Austrian schillings (\$50,000) and Indian rupees (\$50,206) and a total of \$201,946 is the estimated 1959 conversion of Grecian drachma (\$46,946) and Indian rupees (\$155,000).
- 12/ Estimated 1959 conversion of Israeli pounds \$(57,000).
- 13/ Estimated 1959 conversion of Israeli pounds (\$12,000).
- 14/ Includes \$114,583 of section 104(f) funds for travel abroad of U.S. agricultural specialists.
- 15/ Estimated 1959 conversion of Grecian drachma (\$100,000) and Italian lira (\$130,000).
- 16/ From the 1958 conversion of Italian lira (\$150,000), Austrian schillings (\$50,000), Indian rupees (\$50,207) and estimated 1959 conversion of Grecian drachma (\$8,800), Israeli pounds (\$12,000) and Italian lira (\$75,000).
- 17/ Estimated 1959 conversion of Italian lira (\$2,000).

Obligations by commodity groups are as follows:

<u>Commodity</u>	<u>FY 1956</u>	<u>FY 1957</u>	<u>FY 1958</u>
Cotton	\$ 83,642	\$1,971,648	\$ 982,675
Dairy and Poultry	4,728	495,053	1,567,338
Fats and Oils	77,615	404,330	383,182
Fruits and Vegetables	-	50,000	176,207
Grain and Feed	404,204	588,418	945,652
Livestock and Meat Prod...	-	126,337	12,691
Tobacco	180,437	326,188	619,895
Trade Fairs	673,994	1,115,157	687,975
Other projects and surveys	-	90,398	134,010
General Operating Exp. ...	<u>1,276</u>	<u>132,788</u>	<u>295,043</u>
Total	1,425,896	5,300,317	5,804,668

5. Market Development Projects in 1958: During the 1958 fiscal year, 144 new market development projects with trade groups as cooperators were started, bringing the total for such projects to 252 in 30 different countries since this program began in fiscal year 1956.

Following is a list of the trade groups that participated in the program as cooperators through fiscal year 1957:

- American Meat Institute
- American Soybean Association
- Burley and Dark Leaf Export Association, Inc.
- California Prune Advisory Board
- California Raisin Advisory Board
- Cotton Council International
- Dairy Society International, Inc.
- Division of Wheat Development, State of Nebraska
- Farmers' Hybrid Popcorn Growers' Association
- Florida Citrus Commission
- Holstein-Friesian Association of America
- Institute of American Poultry Industries
- Leaf Tobacco Exporters' Association
- Maine Potato Council
- Michigan State University
- Millers' National Federation
- National Renderers' Association
- Nebraska Wheat Growers' Association
- North Carolina State College
- Oregon Wheat Growers' League
- Peruvian National College of Agriculture
- Servicio Cooperativo Interamericano de Agricultura (Ecuador)
- Servicio Cooperativo Inter-Americano de Produccion de Alimentos (Peru)
- Soybean Council of America
- Sunkist Growers, Inc.
- Tobacco Associates, Inc.

University of Kentucky
University of Tennessee
U. S. Rice Export Development Association, Inc.
Western Bean Dealers, Inc.

The following trade groups were added as cooperators in this program in 1958:

Brown Swiss Cattle Breeders' Association
Cling Peach Advisory Board, Inc.
Departamento Tecnico Interamericano de Cooperacion Agricola (Chile)
Escritorio Tecnico de Agricultura (Brazil)
National Association of Margarine Manufacturers
National Federation of Grain Cooperatives
National Hide Association
National Independent Meat Packers' Association
Northwest Horticultural Council, Inc.
Oregon Seed Council
Pacific Seed Export Market Institute
Purebred Dairy Cattle Association
Programa Cooperativo de Experimentacion Agropecuaria (Peru)
Stanford Research Institute, Leland Stanford Junior University
Washington Association of Wheat Growers
Western States Meat Packers' Association, Inc.

Following are examples of some of the market development projects started or in operation through fiscal year 1958:

- a. Cotton: Through 1958, market development activities were under way in 26 countries. A new program was started in the United Kingdom toward the end of the fiscal year. Work on the development of programs was also done in Burma, Finland, Indonesia, Korea, Mexico, The Philippines, Portugal, and Thailand. Market development activities under these projects are aimed at the expansion of cotton consumption and the creation of additional market opportunities for U. S. cotton. The continuation of intensive promotional work in the following countries made an important contribution toward increasing mill consumption and encouraging consumers to make greater use of textile products: Austria, Belgium, France, Federal Republic of Germany, Italy, Japan, Netherlands, Switzerland, and Spain. The coordinate programs of market research, sales promotion, and public relations are making consumers more cotton conscious, improving the competitive position of cotton, creating a better appreciation of the unique qualities of cotton, contributing to increased consumption, and expanding U. S. cotton exports.
- b. Dairy and Poultry:
 - (1) Dairy Products--Market development for dairy products is underway in 8 countries, of which the following 4 countries were added in 1958: Brazil, Burma, India, and Pakistan.

Promotional activities designed to increase consumption of dairy products are being carried out in Chile, Colombia, Ecuador, and Thailand. While work in the first three countries has not progressed far enough to be properly evaluated, results in Thailand indicate that a new market for 300,000 pounds of dried skim milk 100,000 pounds of butter oil annually has been created by the project.

Work in Brazil, Burma, India, and Pakistan, is designed to find new ways of utilizing milk products, in combination with local foodstuffs in abundant and inexpensive supply, in the various forms available for export from the U. S. The project is in the nature of product development, market testing, and commercial application through contracts with local firms and institutions in these countries. It is expected that project results will be of material assistance in increasing milk consumption and world exports of over 800 million pounds of dried milk per year which the U. S. shares.

- (2) Dairy Cattle--Market development projects have been undertaken with breed associations in 7 Latin American countries. New countries added in 1958 were Argentina and Colombia.

These projects are designed to improve local dairy breeds through the use of U. S. purebred cattle. Promotional activities have included the organization and support of local breed associations; the improvement of registration procedures and transfers; exchanges of technical, management, and other information; exchanges of personnel; and the supply of U. S. livestock specialists to judge shows in these countries and point out U. S. breed characteristics and their advantages. Promotional aids and literature have been prepared and distributed. These activities have been well received.

- (3) Poultry--Through 1958, surveys and promotional activities have been undertaken in 11 countries of which The Netherlands and Switzerland were added in 1958.

Intensive country promotional campaigns have been undertaken in the following 8 countries: Chile, West Germany, Greece, Italy, The Netherlands, Peru, Spain, and Switzerland. Promotional activities have been well received and have included market research on utilization and consumer preference; event promotion, such as Easter, "Poultry Day," or "Poultry Month"; use demonstrations and consumer education; sales training at wholesale and retail levels; participation in trade fairs; and product development.

Market development activities have helped to increase U. S. poultry exports, which totaled over 40 million pounds in the calendar year 1957. In addition, activities to date have been instrumental in increased U. S. poultry imports by Switzerland and West Germany. In the case of West Germany, the beginning of the project was coordinated with the introduction of U. S. poultry in this market through a Title I sales agreement under P.L. 480, and was a very important factor in both product acceptance and in the increase of U. S. poultry imports by West Germany from 4.4 million pounds in calendar 1956 to 5.6 million pounds in 1957. Similar activities in The Netherlands will be initiated soon.

- c. Fats and Oils: Development activities have been undertaken to date in Italy, Japan, and Spain. In Italy these activities are directed primarily to the development of new outlets for feed-stuffs through promotion of mixed feeds, improved feeding practices and expanded livestock and poultry industries. The Spanish project is devoted primarily to improving qualities of vegetable oils for consumers and also improved feeding for poultry and livestock through educational work in the field of nutrition. The Japanese project consists mainly of consumer promotional activities of an educational nature designed to acquaint Japanese consumers with the benefits of soybean products in the human diet. In all instances, activities include the exchange of technical information and furnishing of technical assistance; product demonstrations with trade and similar groups; preparation, translation and distribution of promotional material; and personnel exchanges. They are contributing to an improved standard of living in the countries involved and to an expansion in markets for our agricultural production.
- d. Fruit: Surveys and promotional activities have been carried out in the following countries: Austria, Belgium, Netherlands, Sweden, Norway, West Germany, Switzerland, Brazil, Colombia, Ecuador, Peru, Venezuela, Panama, and Mexico.

A brochure illustrating the wide range of U. S. fruits available and how to procure them, printed in four languages, was distributed to importers and government officials throughout the world.

An intensive promotional campaign for fresh and processed grapefruit is now getting under way in West Germany. It is hoped that this and other projects will contribute toward developing a market for U. S. fresh and processed grapefruit in this market.

- e. Grain, Grain Products, and Seed: Promotional activities to date have been undertaken for grain, grain products, and seed in 23 countries. The following new countries were added in 1958: Argentina, Austria, Chile, Ecuador, Finland, France,

Germany, Guatemala, The Philippines, Portugal, and Spain.

- Promotional activities have assisted in maintaining U.S. exports of wheat and wheat products, feed grains, rice, and seed. For example, wheat promotion in Japan designed to improve nutrition has resulted in increased bread consumption of more than 15 percent. Under this project 300 2-day training courses have been carried out, over 10,000 Japanese bakers have received training, and demonstrations on preparation of balanced meals have attracted over 500,000 homemakers. For feed grains, trade teams have been sent to Europe to work with local trade groups and importers. Of total world trade in feed grains of approximately 16 million tons annually, Europe represents about 3/4 of this market. Two projects have been undertaken to develop markets for U.S. rice. Under one project, rice samples are being collected and under the other project, rice trade information. Both projects are on a global basis and the results are expected to assist in improving the competitive position of U. S. in world trade. Rice samples are being analyzed and classified by USDA in Beltsville. For seed, trade teams have been dispatched both to the Far East and to Europe to establish better contact with seed importers and the Government agencies concerned and to develop plans for future promotional activities.
- f. Livestock and Meat Products: Promotional efforts have been undertaken in 12 countries, including Finland which was added in 1958. Projects have been aimed at increasing U. S. exports of both breeding stock and livestock and livestock products. For breeding stock, primary emphasis has been given to supplying livestock specialists to judge shows and to explain U. S. breed characteristics and their advantages. Such projects have been very well received and have assisted in maintaining U. S. exports of approximately 5,000 head of hogs, 25,000 head of sheep, and 36,000 head of beef cattle annually, principally to Latin America. In addition, U. S. trade associations have worked with foreign groups to maintain U.S. exports of hides and skins, lard, and tallow.
- g. Tobacco: Promotional projects to increase the consumption of U S. tobacco have been entered into in 10 countries. While additional funds were provided for certain projects in the past year, no new countries were added during 1958.

Promotional activities for tobacco have been designed to increase the consumption of quality cigarettes containing U.S. leaf through the use of advertising; sample distribution; the preparation and distribution of promotional literature; personnel exchanges; and technical cooperation on the handling, storage, and blending of U.S. leaf. In France, consumption of U.S. tobacco has increased in spite of severe exchange problems and trade restrictions. In Japan, promotional efforts were

instrumental in increasing the consumption of U.S. leaf from 7.0 million pounds of U.S. tobacco in 1956 to 9.1 million pounds in 1957. Promotional efforts in Thailand have been an important factor in the increase in the consumption of U.S. tobacco imports from 8.8 million pounds in 1956 to 9.4 million pounds in 1957.

6. Projects Planned for 1959: Market development work in many of the projects listed above will be continued into 1959. In addition, a number of new projects are planned as follows:
- a. Cotton: New cotton projects are planned in Australia, Chile, Colombia, Finland, India, Canada, and Sweden. The projects will involve coordinated programs of market research, sales promotion, and general publicity.
 - b. Dairy and Poultry: New projects are planned in Brazil, Colombia, India, Iran, Israel, Belgium, and Sweden. Commodities to be covered include dairy products, dairy cattle, and poultry.
 - c. Fats and Oils: Additional projects apart from extensions of old projects are planned for Austria, Germany, Israel, Greece, Ecuador, Colombia, Peru and Chile. A survey to determine market development opportunities will be made in S.E. Asia. Commodities concerned are primarily soybeans and soybeans products.
 - d. Fruit: New work is planned primarily for the European markets, although a brochure describing U.S. fruit juices will be distributed to world markets. New projects include promotion activities and market studies, as well as analyses of the quality and condition on arrival in European markets of fresh fruits from the United States and competing countries.
 - e. Grain, Grain Products, and Seed: Additional work is planned in Austria, Chile, Ecuador, Greece, India, Italy, Pakistan, West Germany, The Netherlands, and Venezuela. Activities will include the promotion of wheat and wheat products, feed grains, rice, and seed. Increased emphasis will be placed on feed grain and seed promotion.
 - f. Livestock and Meat Products: New projects are planned for Argentina, Chile, Italy, The Netherlands, Switzerland, and Venezuela. Products to be included are breeding stock, meats and variety meats, tallow, hides and skins, and lard.
 - g. Tobacco: Additional projects are planned for Austria, India, Indonesia, Spain, Malaya, and The Netherlands. Promotional activities will emphasize the exchange of visitors to improve processing abroad for U.S. leaf through better storage, handling, and processing know-how.

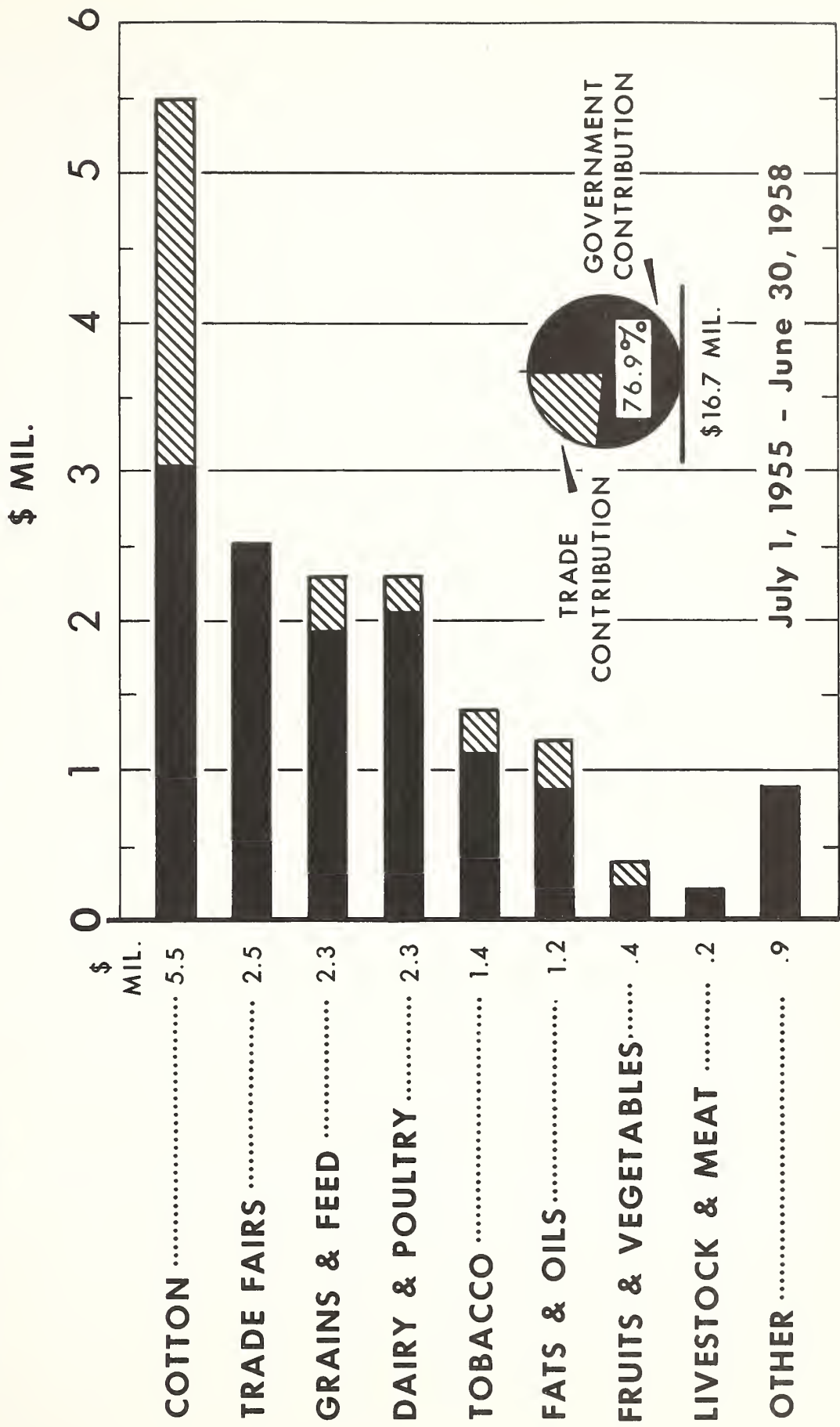
7. Contributions to Market Development Projects: Table V shows the amounts contributed to market development projects by the Foreign Agricultural Service, the United States cooperators and foreign cooperators. (Chart 13)

TABLE V.--FAS Obligations by Commodities and Miscellaneous Projects and Contributions by Cooperators from the Beginning of the Market Development Program through June 30, 1958

(Stated in Approximate Dollar Equivalents)

	:	:	Contributions		:
	:	:			:
	:	:	:	:	:
	:	:	:	:	:
Commodity or Project	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:
	:	:	:	:	:

U. S. Government, Private Trade Share Export Promotion Cost





8. Market-Promotion Exhibits at International Trade Fairs: FAS sponsored seven major agricultural market-promotion exhibits overseas, all of them designed to acquaint potential customers abroad with the availability, quality and uses of United States agricultural commodities. The exhibits were held largely in connection with important international trade fairs where the exhibits met with great concentrations of buyers and sellers from many parts of the world. A major attraction in a number of the exhibits was the distribution of samples of United States products derived chiefly from surplus stocks of commodities held by the Commodity Credit Corporation.

All of the exhibits were held in cooperation with various United States trade associations, with the associations providing exhibit material and technical personnel as contributions to this cooperative effort. The Government organizes and manages the exhibits; rents the space; provides for the design, construction and operation of the exhibits; ships necessary exhibit material; and provides travel and per diem for industrial technicians and commodity specialists participating in the joint effort.

A number of the exhibits were operated under an agreement between the Department of Agriculture and the Department of Commerce through which both Departments exhibit their respective products. The joint payment of the total costs of the fairs by Commerce in dollars and Agriculture in foreign currencies makes it possible to participate in more fairs throughout the world.

The following are fairs in which the Department participated during fiscal year 1958:

- a. 26th International Fair, Izmir, Turkey, August 20-September 20, 1957: This exhibit demonstrated the availability, quality and uses of U. S. nonfat dry milk solids and anhydrous butter fat. Free samples of recombined milk and ice cream made from U. S. ingredients were distributed to fair visitors and special guests. Attendance 951,000.
- b. 22nd International Trade Fair, Salonika, Greece, September 1-22, 1957: Demonstrations of advanced U. S. poultry feeds and feeding methods were held as a means of stimulating the Greek poultry industry and expanding the Greek market for U. S. feed supplies. Attendance 678,089.
- c. International Trade Fair, Zagreb, Yugoslavia, September 7-22, 1957: This exhibit, staged in cooperation with the U. S. Department of Commerce, consisted of a full-scale super market showing U. S. processed food products. Attendance 1,040,000.

- d. ANUGA Food Fair, Cologne, Germany, September 28-October 6, 1957: A major exhibit of the year was held in Cologne, site of Europe's largest international food fair. Here a demountable pavilion previously used in Barcelona was set up as a showcase for U.S. agricultural products. Commodities displayed were citrus, deciduous, canned and dried fruits; frozen poultry and poultry products; honey; fresh frozen and fresh prepared foods; lard and meat products; wheat and wheat products; tobacco, and soybeans and soybean products. The exhibit was an effective meeting place for German and American businessmen and informal luncheons and conferences were held to promote trade relations. Attendance 325,000.
- e. Japan International Trade Fair, Osaka, Japan, April 12-27, 1958: The Department participated in the Japan International Trade Fair for the third consecutive year. A 15,000 sq. ft. pavilion housed exhibits of cotton, soybeans, tallow, wheat and tobacco. As in previous years, the project was undertaken in cooperation with Japanese trade groups working with their American counterpart representatives and the Foreign Agricultural Service. Attendance 608,000.
- f. 27th International Trade Fair - Poznan, Poland, June 8-22, 1958: The exhibit demonstrated the superior performance and quality of American cotton for use in textile manufacture. The exhibit showed advanced techniques and methods of cotton textile processing, utilizing American cotton. Attendance 600,000.
- g. National Poultry Meat Fair, Varese, Italy, June 14-16, 1958: Purpose of this exhibit was to develop an expanded market in Italy and other European countries for U. S. feed concentrates, of which soybean meal is the principal ingredient, and feed grains. It demonstrated to poultry raisers of the area how more meat and more eggs can be obtained in less time and at less cost through the use of balanced feeds available for export from the U.S. Attendance 30,000.
9. Fairs Scheduled for Fiscal Year 1959: Fairs scheduled for 1959 include the following:

<u>Country</u>	<u>Type of Exhibit</u>	<u>Dates</u>
Izmir, Turkey	Demonstration of U.S. feed supplies in poultry feeding.	Aug.20-Sept.20, 1958
London, England	Fruits and vegetables, grain and grain products, tobacco lard and canned meats, poultry and egg solids.	Aug.28-Sept. 11, 1958

<u>Country</u>	<u>Type of Exhibit</u>	<u>Dates</u>
Zagreb, Yugoslavia	Demonstration of manufacture of ice cream bars from U.S. recombined milk ingredients with sampling to public.	Sept. 6- Sept. 20, 1958
Vienna, Austria	Fresh, dried, canned, and frozen fruits, canned and frozen juices, tree nuts, grains and grain products, and a complete line of U.S. frozen foods.	Sept. 7-14, 1958
Bari, Italy	Demonstration of U.S. feed supplies in poultry feeding.	Sept. 7-25, 1958
Munich, Germany	Canned, fresh, dried, and frozen fruits and vegetables, canned and frozen juices, tree nuts, wheat and wheat products, rice, honey and soybean products.	Sept. 25- Oct. 5, 1958
New Delhi, India	Recombined milk, grain, products and soybean products.	Dec. 10, 1958- Jan. 10, 1959
Verona, Italy	Demonstration of U.S. feed supplies - primarily feed grains and soybean meal.	March 8-16, 1959
Cagliari, Italy (Sardinia)	Demonstration of animal feed products.	March 15-29, 1959
Calcutta, India	Demonstration of dairy products, soybean and wheat products.	April, 1959
Bologna, Italy	Demonstration of U.S. feed supplies - primarily feed grains and soybean meal.	May 8-22. 1959
Madrid, Spain	Demonstration of dairy products and soybean products.	May 23- June 23, 1959
Barcelona, Spain	A complete supermarket demonstration.	June 1-20, 1959
Poznan, Poland	Cigarette manufacturing demonstration with American tobaccos.	June 7-21, 1959
Lausanne, Switzerland	Demonstration of American processed foods, including prepared mixes and frozen foods.	June 13-28, 1959
Trieste, Italy	Demonstration of U.S. feed supplies - primarily feed grains and soybean meal.	June 21- July 5, 1959

10. Contributions to Trade Fairs: Table VI shows the amounts contributed by the Foreign Agricultural Service and cooperators for exhibits at trade fairs.

TABLE VI.--List of trade fairs in which the U.S. Department of Agriculture participated showing obligations from foreign currencies, during the fiscal year 1958 and contributions from other sources.

(In dollar equivalents)

Trade fair	FAS Obli- gations	Contributions from other sources (Dept. of Commerce)
Sao Paulo, Brazil	139,968	10,000
Cologne, Germany	2,000	50,000
Salonika, Greece	109,412	175,082
Bari, Italy	8,360	151,108
Varese, Italy	58,467	3,000
Osaka, Japan	133,997	181,553
Tokyo, Japan	761	---
Poznam, Poland	100,000	340,474
Barcelona, Spain	52,283	---
Izmir, Turkey	10,824	172,192
Zagreb, Yugoslavia.....	71,903	300,992
Vienna, Austria	---	221,373
Munich, Germany	---	121,226
New Delhi, India	---	43,159
Total	687,975	1,770,159

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1958, were actually received or programmed for 1959 or 1960. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	Obligations, 1958	Estimated Obligations, 1959	Estimated Obligations, 1960
Allotment from:			
<u>Agricultural Trade Development and Assistance Act of 1954</u>			
Foreign currencies allocated for foreign market develop- ment work (see item: "Ac- tivities under Public Law 480" in these Explanatory Notes).			
Market development projects			
Program expenses	\$5,509,625:	\$8,465,417:	\$6,440,000
General operating expenses	295,043:	360,000:	360,000
Special attache project	- -	200,000:	200,000
Travel of U.S. agricultural specialists abroad	- -	189,583:	- -
Total, Agricultural Trade Development and Assist- ance Act of 1954	5,804,668:	9,215,000:	7,000,000
Allocations and Working Funds (Advances from other agencies):			
<u>International Cooperation Ad- ministration</u>			
For technical assistance to friendly nations	107,483:	87,900:	- -
For expenses incident to the Foreign Trainee Program	3,423,834:	3,454,400:	- -
Total, International Co- operation Administration .	3,531,317:	3,542,300:	- -
<u>Obligations Under Reimbursement from Governmental and Other Sources:</u>			
Salaries and Expenses:			
Commodity Credit Corporation Representation for sales, barter and stockpiling	53,486:	62,100:	62,100
Services to other accounts ...	158,779:	174,000:	174,000
Total, reimbursements	212,265:	236,100:	236,100
TOTAL, OBLIGATIONS UNDER ALLOT- MENTS AND OTHER FUNDS	9,548,250:	12,993,400:	7,236,100

COMMODITY EXCHANGE AUTHORITY

Purpose Statement

The Commodity Exchange Authority administers the Commodity Exchange Act of September 21, 1922, as amended.

The major objectives of the Act are: to prevent commodity price manipulation and market corners; prevent dissemination of false and misleading crop and market information affecting commodity prices; protect hedgers and other users of the commodity futures markets against cheating, fraud, and manipulative practices; insure the benefits of membership privileges on contract markets to cooperative associations of producers; insure trust-fund treatment of margin moneys and equities of hedgers and other traders and prevent the misuse of such funds by brokers; and provide information to the public regarding trading operations and contract markets.

The basic Act, originally designated as the Grain Futures Act, conferred limited authority with respect to futures trading in grains only. By amendment of June 15, 1936, its short-title designation was changed to "Commodity Exchange Act," and its regulatory provisions strengthened and extended to cotton, millfeeds, butter, eggs, potatoes, and rice. By amendment of April 7, 1938, wool tops were added to the commodities subject to the Act; fats and oils, cottonseed, cottonseed meal, peanuts, soybeans, and soybean meal were added by the Act of October 9, 1940; wool was added by enactment of Public Law 690 of August 28, 1954; and onions were added by enactment of Public Law 174 of July 26, 1955. Public Law 85-839, approved August 28, 1958, prohibited futures trading in Onions effective September 27, 1958. However, the enforcement of this ban has been temporarily enjoined by a Federal Court, and transactions in onion futures and cash onions continue to be subject to the provisions of the Commodity Exchange Act.

These functions carried out under the Act are performed through a Washington Office and five field offices, located in the commodity markets at Chicago, Kansas City, Minneapolis, New Orleans, and New York. On November 30, 1958, the Commodity Exchange Authority had 125 employees, 37 of whom were stationed in Washington, D. C., and 88 in the field offices.

	Estimated Available, <u>1959</u>	Budget Estimate, <u>1960</u>
Appropriation	\$900,000	\$900,000

THE HISTORY OF THE
CITY OF BOSTON

From its first settlement in 1630 to the present time. By SAMUEL JOHNSON, Esq. of the Middle Temple, Barrister at Law.

LONDON: Printed by J. BARNARD, at the Angel in St. Dunstons Church, 1790.

THE HISTORY OF THE CITY OF BOSTON, from its first settlement in 1630 to the present time. By SAMUEL JOHNSON, Esq. of the Middle Temple, Barrister at Law. LONDON: Printed by J. BARNARD, at the Angel in St. Dunstons Church, 1790.

THE HISTORY OF THE CITY OF BOSTON, from its first settlement in 1630 to the present time. By SAMUEL JOHNSON, Esq. of the Middle Temple, Barrister at Law. LONDON: Printed by J. BARNARD, at the Angel in St. Dunstons Church, 1790.

Salaries and Expenses

Appropriation Act, 1959	\$832,000
Proposed supplemental, 1959 for pay act costs	68,000
Base for 1960	900,000
Budget Estimate, 1960	<u>900,000</u>

PROJECT STATEMENT

Project	1958	1959 :(estimated):	1960 :(estimated)
1. Licensing	\$66,023:	\$60,100:	\$60,100
2. Supervision of futures trading	472,292:	475,900:	475,900
3. Audits	170,464:	197,200:	197,200
4. Investigations	154,947:	166,800:	166,800
Subtotal a/	863,726:	900,000:	900,000
Unobligated balance	1,162:	- - :	- -
Total pay act costs (P.L. 85-462)	[35,603]:	[77,500]:	[77,500]
Total available or estimate	864,888:	900,000:	900,000
Transferred from "Conservation reserve, soil bank programs, Agriculture"	-32,888:	- - :	- -
Proposed supplemental due to pay increases .	- - :	-68,000:	- -
Total appropriation or estimate	832,000:	832,000:	- -

a/ Represents obligations. The amount of \$862,568 indicated for 1958 in the 1960 Budget represents applied costs. The difference of \$1,158 reflects, primarily, the excess of equipment ordered in 1958 over equipment used.



STATUS OF PROGRAM

Objective and Functions: The major objectives of the Commodity Exchange Authority, in the enforcement of the Commodity Exchange Act, are to maintain fair and competitive pricing in the commodity futures markets, by preventing manipulation and other abusive trading practices. Enforcement of the Commodity Exchange Act requires supervision over 16 commodity exchanges designated as contract markets. Enforcement is a continuous process involving the following functions:

1. Market designation and broker registration: (a) Designation of commodity exchanges as contract markets; (b) annual registration of futures commission merchants and floor brokers; and (c) continuing review of exchange rules and regulations.
2. Supervision of futures trading: (a) Compilation, audit, tabulation and review of trade reports and current market analyses; (b) establishment, enforcement, and review of speculative limits; (c) review of market news and letters; (d) maintenance of a quotation and ticker service; (e) analysis of cash commodity transactions; (f) cooperative activities with control committees of contract markets; (g) observance of floor trading; and (h) compilation and publication of market information.
3. Prevention of misuse of customers' funds: (a) Audit and examination of records of futures commission merchants; and (b) analysis of brokers' financial statements.
4. Investigation and control of trade practices: (a) Investigation of complaints and alleged and apparent violations; (b) trade practice audits and surveys; (c) investigation of delivery practices; and (d) preparation and presentation of evidence of violations in administrative hearings and judicial proceedings.

Current activities: The market regulatory work of the Commodity Exchange Authority covers the supervision of futures trading on 16 exchanges licensed under the Commodity Exchange Act as "contract markets." These markets include the Chicago Board of Trade, the Kansas City Board of Trade, the Minneapolis Grain Exchange, the New York and New Orleans Cotton Exchanges, and the Chicago and New York Mercantile Exchanges. During fiscal year 1958, the CEA supervised a trading volume of more than 8.4 million transactions in 23 commodities, with the value of trading estimated at about \$33.7 billion dollars.

Public Law 85-839, approved August 28, 1958, prohibited futures trading in onions, effective 30 days after enactment. On September 26, 1958, a three-judge United States District Court at Chicago granted a temporary restraining order enjoining the United States District Attorney at Chicago from enforcing the ban. This litigation is still pending. Regardless of the final outcome, the CEA will continue to enforce the provisions of the Commodity Exchange Act relating to transactions in cash onions.

For the maintenance of fair market practices and the prevention of price manipulation and other trading abuses, the CEA carries out continuing regulatory programs and conducts special investigations and projects dealing with critical market situations and specific violations of law.

CEA investigations during the 1958 fiscal year produced evidence for formal proceedings under the act charging manipulation of prices in cotton and corn and attempted price manipulation in potatoes.

Proceedings were also initiated to suppress violations of speculative limits and the false reporting of futures transactions. In proceedings carried over from the previous year, sanctions were imposed for cheating and defrauding commodity customers.

Special investigatory and market-analysis projects conducted by the Agency on a marketwide basis during the year included trade practice investigations in the Chicago "wheat pit" and the Chicago egg futures markets; and comprehensive position surveys showing for selected dates the identity of all traders and the size and character of their positions in the New York futures market for wool and wool tops, the New York potato futures market, and the Chicago onion futures market.

In its continuing program for obtaining basic, day-to-day information on current developments in futures trading in all commodities under the act, the Agency maintained a comprehensive broker-and-trader reporting system involving the processing and analysis of more than 500,000 daily and weekly reports. In the supervision of commodity brokerage activities, the CEA registered approximately 1,350 floor brokers and futures commission merchants. To safeguard the margin moneys and equities of commodity customers, the agency conducted detailed audits of the books and records of approximately 500 futures commission merchants.

Selected Examples of Recent Progress:

1. Unlawful practices investigated. Following CEA investigations, 7 formal complaints charging violations of the Commodity Exchange Act were issued during the 1958 fiscal year. Three of these complaints involved alleged manipulative activities by large firms, including charges of manipulating prices in the major futures markets for cotton and corn, and attempted manipulation in the potato futures market. Evidence to support charges of price manipulation in wheat, eggs, and onions was presented in lengthy hearings on complaints continued from the previous year. Included in the proceedings initiated in 1958 were complaints charging violations of speculative limits in rye futures, failure to file required reports on transactions in lard and potato futures, and failure to report and filing false reports in egg futures.

Proceedings were completed on two complaints issued during the year charging violation of the reporting requirements, and on a complaint of the previous year alleging cheating and defrauding of commodity customers. Sanctions were imposed in each of these cases. In a major egg manipulation case, completed at the administrative level in the 1957 fiscal year, charges against the respondents were sustained in 1958 by the U. S. Court of Appeals, before which the case was pending at the close of the year for consideration of sanctions imposed.

2. Incompleted cases on hand increased. Although the Government's charges have been upheld in each proceeding completed during the past five years, CEA investigations in recent months have necessitated the issuance of complaints in excess of the number of cases completed. This has resulted in the carryover of incompleted cases increasing from six at the end of fiscal 1957 to 11 at the close of fiscal 1958. This is a situation that is largely unpredictable and that varies from year to year. Recent cases, particularly those involving price manipulation, have been most strenuously defended and have involved time-consuming and costly proceedings. In other periods, when a larger number of cases have been disposed of through consent orders, there has been less accumulation of backlog.

3. Consent disposition of cases. Every effort is made to bring cases to a conclusion as promptly as possible because of the obvious fact that the deterrent effect of sanctions is greatly weakened if cases are not concluded until many months or even years after the offense is committed. In endeavoring to meet this problem the CEA at times finds it practical to accept consent disposition of cases in which the sanction accepted may be less than would be imposed were administrative and judicial proceedings carried to their ultimate conclusion. It is felt that this course is justified when apparent disadvantages are offset by the benefits accruing from prompt disposition of cases. The question resolves itself into the selection of cases which seem most urgent and appear to carry the greatest likelihood of discouraging further violations by those involved as well as by others who might engage in similar activities.

4. Enforcement of speculative limits continued. During the year the Agency continued to enforce speculative limits established by the Commodity Exchange Commission on daily trading and net positions in grains, soybeans, cotton, eggs, and onions. Maintaining compliance with the limits requires close daily scrutiny of the trading and positions of speculators and frequent examinations of the cash-commodity and futures holdings of large firms to determine whether futures positions reported as hedges comply with the requirements of the Commodity Exchange Act or are subject to speculative limits.

Enforcement of speculative limits in 1958 disclosed 43 instances in which traders exceeded the limits, compared with 17 such instances in the 1957 fiscal year, and 36 instances in 1956. The infractions of speculative limits were dealt with by administrative action in all instances except one which resulted in a formal complaint charging violation of limits and other provisions of the act.

5. Potato futures surveyed. The CEA maintained close surveillance of the potato futures market throughout the year. The sharp price bulge and heavy trading in potato futures from mid-February through April 1958 was made the subject of a comprehensive investigation. The investigation included an examination of all traders' positions at the end of March 1958, just before futures prices reached the season's peak of \$6.10 per hundredweight, and a similar survey near the end of April after the price break and resultant wash-out of speculative buyers. Study was also made of the build-up of cash-potato stocks in New York warehouses which figured prominently in the April price situation.

6. New monthly report issued on wool and wool top futures. An additional market-data service was provided beginning in April 1958, when the CEA initiated the monthly report Commitments of Traders in Wool and Wool Top Futures. Similar to the CEA reports on traders' commitments in wheat and cotton futures, the report for wool and wool top futures shows the long and short speculative and hedging positions of large traders in the New York wool and wool top futures markets at the end of each month, and the total long and short commitments of small traders. Issuance of the new report reflects the growing interest in wool and wool top futures on the part of wool growers and their cooperative marketing associations, as well as wool merchandisers and processors generally. The report has been well received by private and cooperative marketing organizations and by wool marketing specialists in agricultural colleges, and has been requested regularly by many of the topmaking firms.

7. Trade practices in wheat and eggs investigated. A special project during the year was a trade practice investigation to determine the methods and practices involved in the execution of trades in the Chicago "wheat pit." This investigation required the examination and transcription of data from all brokers' trading cards and other records during a one-week period when purchases and sales of wheat futures on the Chicago Board of Trade totaled 42,000 transactions, in terms of contract units. The survey determined for each trade the buying broker and the selling broker, the futures commission merchant involved, the size of the trade, and the price at which executed. Such trade practice investigations, although involving voluminous detail and time consuming work, are an important means of detecting "wash sales," "bucketing," and other unlawful trading practices. A similar investigation was made during the year of floor trading practices on the Chicago Mercantile Exchange.

8. Onion futures analyzed. For the third consecutive year the agency conducted basic market analyses and investigations of trading in the Chicago onion futures market. Operations of large traders in onion futures were under close surveillance, and speculative limits effectively enforced.

9. Hedging of anticipated requirements supervised. Under a 1956 amendment to the act, processors and manufacturers may hedge anticipated requirements of commodities by purchasing commodity futures, provided application is made to the CEA and applicable requirements fulfilled. The regulation of such operations involves analysis of information and data submitted in support of applications to hedge anticipated requirements and special scrutiny of processors' and manufacturers' cash-commodity and futures operations. During the 1958 fiscal year, 14 large firms applied for anticipatory hedging quotas, compared with 10 in the previous fiscal year. The anticipated grain requirements of applicant processors and manufacturers in fiscal 1958 approximated 454 million bushels, compared with 352 million in the preceding fiscal year. In both periods the bulk of the anticipated hedging requirements was in wheat, followed by corn and soybeans.

10. Marketwide surveys made of traders' positions. The CEA made six "position surveys" during the year. These surveys provide information showing the identity of each trader in a selected market on a given date, and the size and character of the trader's position -- whether speculative or hedging. Surveys were made in the markets for wool and wool top futures conducted by the Wool Associates of the New York Cotton Exchange, as of December 31, 1957; in the onion futures market of the Chicago Mercantile Exchange, as of October 31, 1957; and in the potato futures market of the New York Mercantile Exchange, as of October 31, 1957, March 31, 1958, and April 25, 1958.

11. Simplified reporting procedure adopted. A saving of time and money to the Government and the produce trade was effected during the year by devising a simplified procedure for obtaining daily data on futures transactions in eggs, potatoes, and onions on the Chicago and New York Mercantile Exchanges. The cooperation of the two exchanges was enlisted in an arrangement whereby the clearing association of each exchange now furnishes the CEA in a single daily report the information on volume of trading, open contracts, and deliveries which was formerly provided in separate reports from each of approximately 150 clearing members. The new procedure was given effect by amending CEA regulations so that clearing members are relieved of filing individual daily reports in egg, onion, and potato futures.

12. Publications and reports issued. Three publications on potato futures were prepared during the year, the first of which deals with trading in the 1957 May future and is entitled: "Trading in Potato Futures, April-May 1957." The results of the survey of all accounts in potato futures on October 31, 1957, are summarized in the report: "Potato Futures: Survey of Open Contracts on the New York Mercantile Exchange, October 31, 1957." A special report entitled, "Potato Futures Trading, 1957-58," presents an economic analysis of speculation and hedging in the highly active potato futures market in the spring of 1958, and includes comprehensive data on the market throughout the 1957-58 marketing season.

Other publications prepared during the year included:

Onion Futures: Survey of Open Contracts on the Chicago Mercantile Exchange, as of October 31, 1957

Selected Statistics on Onions, 1957-58

Wool and Wool Top Futures: Survey of Open Contracts, as of December 31, 1957

Commodity Futures Statistics, 1956-57. U.S.D.A. Statistical Bulletin No. 221

Periodic statistical reports issued during the year were as follows:

Daily reports issued by CEA field offices on volume of trading and open contracts in regulated commodities on the principal markets

Weekly reports: Sales of cotton "on call" based on New York futures; stocks of grain in deliverable position in Federally licensed warehouses at Chicago, Illinois

Monthly reports:

Trade in Grain Futures
Trade in Cotton Futures
Commitments of Traders in Wheat Futures
Commitments of Traders in Cotton Futures
Commitments of Traders in Wool and Wool Top Futures

13. Brokers registered and market regulations reviewed. The 16 commodity exchanges currently designated as contract markets and the 23 commodities in which futures trading was conducted under Commodity Exchange Authority supervision during the year are shown below:

<u>Market</u>	<u>Regulated Commodity</u>
Chicago Board of Trade	Wheat, corn, oats, rye, soybeans, lard, cotton, soybean oil, grain sorghums, soybean meal.
Chicago Mercantile Exchange	Eggs, potatoes, onions.
Chicago Open Board of Trade	Wheat, corn, oats, rye, soybeans.
Duluth Board of Trade	(No trading in 1957-1958.)
Kansas City Board of Trade	Wheat, corn, soybeans, bran, shorts, middlings, grain sorghums.
Memphis Board of Trade Clearing Association	Cottonseed meal, soybean meal.
Milwaukee Grain Exchange	Wheat, corn, oats, rye.
Minneapolis Grain Exchange	Wheat, oats, rye, soybeans, flaxseed, barley.
New Orleans Cotton Exchange	Cotton, cottonseed oil.
New York Cotton Exchange	Cotton.
New York Mercantile Exchange	Potatoes, onions.
New York Produce Exchange	Cottonseed oil, soybean oil, tallow.
Portland Grain Exchange	(No trading in 1957-1958.)
San Francisco Grain Exchange	(No trading in 1957-1958.)
Seattle Grain Exchange	Wheat.
Wool Associates of the New York Cotton Exchange	Wool, wool tops.

There were 537 futures commission merchants and 813 floor brokers registered during the past fiscal year. As of June 30, 1958, registered futures commission merchants maintained 1,976 principal and branch offices, and had agents in 312 other offices handling orders for the purchase or sale of commodities for future delivery. A statutory requirement is that each contract market shall furnish the Secretary copies of its bylaws, rules, regulations, and resolutions, and of all changes and proposed changes therein. All such material received during the past fiscal year was reviewed currently.

14. Fees Collected. Under authority of the Commodity Exchange Act, registration fees are collected each year from futures commission merchants and floor brokers and deposited to miscellaneous receipts in the Treasury of the United States. During 1958, the following fees were imposed:

Registration of futures commission merchants	\$25 annually
Registration of floor brokers	15 "
Duplicate registration certificates	2 each

Fees collected amounted to the following:

1958	\$29,824
1959	39,500 (estimated)
1960	40,000 (estimated)

Effective with registrations expiring after December 31, 1958, the fee for registration of futures commission merchants has been increased from \$25 to \$30, and the duplicate certificate fee from \$2 to \$5.

15. Audits made of commission merchants' accounts. During the year 506 audits of futures commission merchants were made. These audits covered the accounts of 26,326 customers who had to their credit \$81,672,368.20 required to be segregated from the funds of the carrying brokers. The number of audits, the number of accounts examined, and the amount of customers' funds were all below the previous year as a result of the increased trade practice and position survey activity. Deviations from the law or regulations were discovered in 310 instances. The nature of these deviations and the corrective action taken by the futures commission merchants made unnecessary the issuance of any formal complaints. In addition, a total of 538 financial statements received from futures commission merchants were analyzed.

16. Volume of Trading Supervised.

In all regulated commodities in the 1958 fiscal year there were 8,424,000 futures transactions (purchases plus sales, in terms of contract units). This represented a decrease of 4.7 percent compared with the 8,837,000 transactions in the 1957 fiscal year. The total for 1958 was slightly above the average of 8,379,000 transactions for the 10 fiscal years, 1948 through 1957.

The value of trading, which reflects changes in price level as well as volume of transactions, was estimated at \$33,679,800,000 for all regulated commodities in the 1958 fiscal year. This was a decrease of 6.2 percent compared with the estimated value of \$35,918,300,000 in the 1957 fiscal year, and was 18.7 percent below the average of \$41,411,700,000 for the 10-year period, 1948 through 1957.

The volume of trading in wheat futures supervised by the CEA increased for the third successive year, and the trading volume in cotton futures showed a moderate increase after a long period of declining activity. Other commodities with increased activity in the 1958 fiscal year included rye, wool, eggs, potatoes, and soybean meal. Corn, oats, soybeans, fats and oils, and other commodities showed decreased activity during the year. Wheat futures

trading on all markets amounted to 5.2 billion bushels in the 1958 fiscal year, the largest since 1948. A substantial volume of hedging transactions against price risks was a factor in increasing the volume of trading in the wheat futures markets during the year. Soybean futures trading, although reflecting some decrease in activity, continued to rank second in volume, with substantially increased hedging against price risks. The soybean futures trading volume was 3.9 billion bushels, or 12.0 percent smaller than in the 1957 fiscal year. The volume of trading in corn futures, amounting to 2.0 billion bushels, and in oats about a half billion bushels, declined from the preceding year. Activity in rye futures increased to approximately 1.0 billion bushels, the largest in 12 years.

Trading in cotton futures, after declining almost steadily since the Korean War, registered a moderate increase in the 1958 fiscal year. The 25,202,000 bales traded was 13.0 percent above the previous year. With wool prices declining most of the year, trading in wool futures at New York showed a moderate increase, due in part to increased hedging against price risks. Trading in wool top futures declined.

The futures markets for eggs, potatoes, and onions continued to hold a substantial volume of trading. Activity in Chicago egg futures, amounting to 371,701 carlots, slightly exceeded the 1957 fiscal year volume and was the second largest on record. Futures trading in potatoes at New York was 188,157 carlots, or 37.3 percent larger than in the previous year and the second largest on record. Onion futures trading in Chicago amounted to 69,956 carlots, a decrease of 21.3 percent compared with the 1957 fiscal year.

Activity in the futures markets for fats and oils, although declining from the high levels of the 1957 fiscal year, continued in substantial volume. Soybean oil trading at 9.0 billion pounds, was the second largest volume on record. Trading in cottonseed oil futures amounted to approximately 3.6 billion pounds; and in lard futures about 1.6 billion pounds.

With livestock prices advancing most of the year and a good demand for soybean meal, activity in soybean meal futures reached a record 6.7 million tons in the 1958 fiscal year. Futures trading in cottonseed meal decreased during the year.

The following table shows the volume of trading, by commodities, for fiscal years 1957 and 1958.

Volume of futures trading, all contract markets combined, by commodities,
fiscal years ended June 30, 1957, and June 30, 1958

Commodity	Unit	1957	1958	Percent of increase or decrease
Wheat	1,000 bushels	4,885,821	5,202,953	+ 6.5
Corn	do.	2,275,888	2,011,322	- 11.6
Oats	do.	643,368	453,635	- 29.5
Rye	do.	913,312	998,266	+ 9.3
Barley	do.	0	55	---
Flaxseed	do.	6,147	10,721	+ 74.4
Soybeans	do.	4,479,827	3,943,177	- 12.0
Grain sorghums	Million pounds	17.4	34.0	+ 95.4
Cotton	1,000 bales	22,306	25,202	+ 13.0
Wool	1,000 pounds	102,528	107,814	+ 5.2
Wool tops	do.	98,760	78,530	- 20.5
Butter	Carlots	2	0	---
Eggs	do.	368,816	371,701	+ .8
Potatoes	do.	137,178	188,169	+ 37.2
Onions	do.	89,229	69,966	- 21.6
Cottonseed oil	1,000 pounds	4,551,840	3,570,780	- 21.6
Soybean oil	do.	12,583,200	8,954,580	- 28.8
Lard	do.	2,439,080	1,555,080	- 36.2
Tallow	do.	18,540	1,380	- 92.6
Bran	Tons	19,680	2,400	---
Shorts	do.	6,180	720	---
Middlings	do.	8,715	1,260	---
Cottonseed meal	do.	133,000	90,700	- 31.8
Soybean meal	do.	6,254,600	6,684,900	+ 6.9

17. Workload data on major activities of the Commodity Exchange Authority.

	Actual		Estimated	
	1957	1958	1959	1960
I. Licensing:				
Futures commission merchants registered	579	537	550	560
Floor brokers registered	887	813	825	840
II. Supervision:				
Markets and commodities:				
Exchanges	17	16	16	16
Commodities	23	23	20	20
Markets (6 wheat markets, 3 cotton markets, etc.)	49	46	46	46
Reports tabulated and analyzed:				
Daily trading volume and open contracts	276,242	239,353	250,000	250,000
Daily and weekly reports on large traders	305,082	275,187	300,000	325,000
Delivery notices	37,189	43,589	40,000	40,000
Special calls and surveys	7	6	6	6
Accounts	5,787	4,182	7,500	7,500
General activities, including observance of trading, contact with exchange officials, establishment, review and enforcement of speculative limits, quotations service, price compilations, and review of market letters	x	x	x	x
III. Audits:				
Audits of customers' segregated funds	649	506	650	618
Accounts examined	33,270	26,326	33,000	31,350
Financial statements	577	538	550	560
IV. Investigations:				
Compliance investigations completed	48	37	50	55
Trade practice surveys completed	3	2	2	3
Number of transactions examined	6,100	59,000	40,000	50,000
Criminal prosecutions initiated	0	0	1	1
Administrative proceedings initiated	5	7	6	8

- 167 -

x No measure of workload available.

SOIL BANK PROGRAMS

Purpose Statement

The Soil Bank Act (7 U.S.C. 1801-1837) authorized an Acreage Reserve Program and a Conservation Reserve Program to assist farmers to divert cropland from the production of excessive supplies of agricultural commodities. In addition, under the Conservation Reserve Program, assistance is given to farmers in establishing and maintaining sound conservation practices on land put into the Reserve. The activities are supplementary to the acreage allotments and marketing quota programs authorized and appropriated for under the Agricultural Adjustment Act of 1938, as amended, and together with such programs, constitute an overall program designed to prevent excessive supplies of agricultural commodities from burdening and obstructing interstate and foreign commerce.

In 1957, the programs were financed from funds of the Commodity Credit Corporation pursuant to Section 120 of the Soil Bank Act, which authorizes the Secretary to utilize the facilities, services, authorities, and funds of the Corporation in carrying out the Act from its enactment through June 30, 1957. Appropriations have been provided for the Conservation Reserve and Acreage Reserve programs since June 30, 1957, from which funds are being advanced to the Corporation to cover payments to farmers and ranchers under the programs.



SOIL BANK PROGRAMS

CONSERVATION RESERVE

Purpose Statement

Conservation Reserve Programs are authorized for 5 calendar years from 1956 through 1960. The objective of the program is to help adjust total crop acreage more nearly in line with demand by withdrawing from 30 to 35 million acres of cropland from production and to establish and maintain sound conservation practices on the land placed in the conservation reserve. It is a voluntary program under which farmers sign contracts, and the Government, in return, assists producers by sharing the cost of establishing conservation practices, and by making annual payments during the term of the contract. The Soil Bank Act provides that the Secretary may not enter into contracts with producers which would require payments to producers in excess of \$450,000,000 in any calendar year. The 1959 Appropriation Act changed this limitation to \$375,000,000 for the calendar year 1959. The 1960 Budget Estimate proposes to continue this limitation of \$375,000,000 for the calendar year 1960.

Producers participating in the program receive up to 80% of the cost of establishing permanent conservation practices on the land and an additional annual rental for the land placed in the reserve. The annual payment, of about \$13.50 an acre nationally, is based on the value of the land for producing crops, land rent rates in the locality, and necessary incentive to encourage participation. The payments are made by negotiable sight drafts which are redeemed by the Commodity Credit Corporation.

	Appropriated, <u>1959</u>	Budget Estimate, <u>1960</u>
Appropriation	\$200,000,000	\$360,370,000

THE
HISTORY OF
THE
CITY OF
NEW-YORK

FROM THE
FIRST SETTLEMENT
TO THE PRESENT
TIME

BY
J. M. SMITH

NEW-YORK:
PUBLISHED BY
J. M. SMITH
1854

(a) Conservation Reserve

Appropriation Act, 1959	\$200,000,000
Less reserve	<u>-55,000,000</u>
Base for 1960	145,000,000
Budget Estimate, 1960	<u>360,370,000</u>
Increase	<u>+215,370,000</u>

SUMMARY OF INCREASES, 1960

Increase in program payments to producers under 1959 program of \$375 million compared with the 1958 program of \$325 million	+212,348,181
Increase in operating expenses due to expanded activities	+3,021,819

PROJECT STATEMENT

Project	1958	1959 :(estimated)	Increase or Decrease	1960 :(estimated)
1. Conservation Reserve:				
(a) Program payments	\$118,401,941	\$128,703,819	+212,348,181(1)	\$341,052,000
(b) Operating expenses ..	15,675,412	16,296,181	+3,021,819(2)	19,318,000
(c) Reserve	- -	55,000,000	-55,000,000	- -
Total, Conservation Reserve	134,077,353	200,000,000	+160,370,000	360,370,000
Unobligated balance	19,110,169	- -	- -	- -
Total pay act costs (P.L. 85-462)	[113,509]	[236,780]	[+40,320]	[277,100]
Total available or estimate	153,187,522	200,000,000	+160,370,000	360,370,000
Transferred to other agencies for pay act costs:				
(72 Stat. 243-244)	9,752,478			
Total appropriation	162,940,000			

The following table outlines the estimated financial requirements of the Conservation Reserve programs, and shows the distribution of these requirements by fiscal years.

Estimated Requirements, Conservation Reserve Program
1956 through 1959 Programs in
Fiscal Years 1958 through 1960

Type of Expense	F I S C A L Y E A R		
	1958	1959	1960
<u>Program Expenses:</u>			
Annual rental payments:			
1956 - 1958 contracts	\$56,587,873:	\$87,785,000:	\$87,785,000
1959 contracts	- -	- -	201,000,000
Total, annual rental payments	56,587,873:	87,785,000:	288,785,000
Practice payments:			
1956 - 1958 contracts	58,345,725:	- -	- -
1956 - 1959 contracts	- -	38,937,169:	- -
1956 - 1960 contracts	- -	- -	50,267,000
Reserve	- -	55,000,000:	- -
Production of forest tree seedlings ...	3,468,343:	1,981,650:	2,000,000
Total, program expenses (including reserve)	118,401,941:	183,703,819:	341,052,000
<u>Operating Expenses:</u>			
Commodity Stabilization Service:			
National and ASC State committees (Sec. 392)	2,064,117:	2,060,107:	2,471,000
ASC county committees (Sec. 388)	12,000,000:	12,836,900:	15,171,900
Subtotal, Commodity Stabilization Service	14,064,117:	14,897,007:	17,642,900
Agricultural Conservation Program Service	8,547:	21,424:	14,200
Forest Service	774,924:	614,350:	716,000
Soil Conservation Service	776,967:	703,500:	820,000
Office of the General Counsel	43,337:	51,000:	116,000
Office of Information	7,520:	8,900:	8,900
Total, operating expenses	15,675,412:	16,296,181:	19,318,000
Total, Conservation Reserve	134,077,353:	200,000,000:	360,370,000
Unobligated balance	19,110,169:	- -	- -
Transferred to other agencies for pay costs	9,752,478:	- -	- -
Total appropriation or estimate	162,940,000:	200,000,000:	360,370,000

INCREASES

1) An increase of \$212,348,181 in program payments. It is estimated that annual rental and practice payments totalling \$341,052,000 will be made during the fiscal year 1960 under the 1956, 1957, 1958, 1959, and 1960 contracts. This is an increase of \$212,348,181 above the amount of payments estimated to be made in the fiscal year 1959, but is only \$157,348,181 above the amount of payments which could be made in 1959 under the 1959 appropriation. The difference of \$55,000,000 is reflected in the project statement as a reserve under the 1959 appropriation.

This reserve in 1959 is a result of changes in various factors which determine program fund requirements. Although the program itself is operated on a calendar year basis and within a calendar year program authorization, appropriations for the program payment requirements are on a fiscal year basis. Thus each appropriation provides funds for a part of two calendar year programs, as well as for payments coming due on practices authorized under prior programs, and for annual payments due under prior programs. The amount of the estimate proposed for annual payments is therefore directly related to anticipated sign-up under a program before availability of firm figures on such sign-up, and for practice payments it is directly related to the rate at which practices will be carried out in whole or in part by participants. Experience to date on requirements for practice payments in 1959 indicates that progress is at a slower rate than previously estimated. As a result, a part of the practice payments originally estimated for the fiscal year 1959 will be deferred to the fiscal year 1960 and future years. This experience factor in the slower rate of completion of practices has been used in computing practice payment requirements for the fiscal year 1960.

The program provides for two types of payments, annual rental payments and conservation practice payments. Through the 1958 program, the basic national rate of annual rental payments per acre was about \$10. This rate was increased to \$13.50 an acre for new contracts entered into for the 1959 program. As the annual rental payments will continue for the term of the contract, each year that new contracts are accepted, annual rental payments will become a larger percentage of the total program payments. In the fiscal year 1960 annual payments of \$87,785,000 will be made on contracts entered into from 1956 through 1958, and it is estimated that annual payments of \$201,000,000 will be made on the 1959 contracts. The total amount of annual rental payments for the fiscal year 1960 is estimated to be \$288,785,000. Annual rental payments will be made on about 9,900,000 acres during the 1958 calendar year. The interest shown in the programs indicates that participation in the 1959 program may extend the coverage by more than 13,000,000 acres, making the total farmland in the program for the 1959 program in excess of 23,000,000 acres.

During fiscal 1960 the practice payments are estimated to be \$50,267,000 compared with \$38,937,169 for such payments in fiscal 1959. This is an increase of \$11,329,831.

The 1960 budget estimate includes funds that will be required for payments due producers under existing contracts only in the fiscal year 1960. Appropriations will be required in future years for payments due in such years under the terms of the contracts.

(2) An increase of \$3,021,819 in the operating expenses. Funds for operating expenses are estimated to be \$19,318,000 for the fiscal year 1960. This compares with the estimated expenses of \$16,296,181 for the fiscal year 1959, or an increase of \$3,021,819. Even though the Acreage Reserve Program will not be operating in the fiscal year 1960, the estimated acreage in the Soil Bank under the Conservation Reserve Program alone will be about the same as the highest year, 1957, in which the Acreage Reserve Program was in operation in conjunction with the Conservation Reserve. The total acres in the combined acreage and conservation reserve programs in 1957 were 27.8 million acres and the operating expenses for the two programs in the fiscal year 1957 were \$46,095,484 compared with a combined budget estimate of \$20,368,000 for the fiscal year 1960 for the two programs.

(a) An increase of \$2,335,000 is for operating expenses of the Agricultural Stabilization and Conservation county committees and consists of:

1. An increase of \$1,085,000 to provide funds to increase salaries of Agricultural Stabilization and Conservation county committee employees approximately 10%, effective July 1, 1959. The amount of \$1,085,000 represents the proportionate share to be paid from the Conservation Reserve Program of a 10% salary increase (totalling \$8,179,000), and will be transferred to "Local Administration, Section 388, Agricultural Adjustment Act of 1938." This proposed salary increase is discussed in more detail under the appropriation "Acreage allotments and marketing quotas."
2. An increase of \$1,250,000 to provide for increased workload of the ASC county committees under an expanded and amended program resulting from changes in program regulations and additional activities required by the Appropriation Act, 1959. The new program provisions and the discontinuance of the Acreage Reserve Program have created greater interest in the Conservation Reserve Program. The nature of the work necessary on this program related to farmers who do not actually participate, raises the cost "per participant." It is estimated that over a million producers will require counselling by the ASC county committee or their employees with regard to the program. About half of these producers will indicate an interest in putting some land under the program. In such cases the county committees will establish maximum farm annual rates and furnish each producer with an application containing certain basic information. The producer will then decide how much cropland he wishes to place in the reserve, the length of the contract he desires, and the rate of the annual payment at which he will offer the land. Approximately 60% of the producers for which a maximum farm annual rate is established will submit applications. The application does not constitute an obligation on the part of the producer, but is an indication that he wishes more information before deciding on the action he should take. The county committee, also, must agree to the terms of the application before it can become a contract. It will then be necessary for an ASC county committee representative to visit these farms and determine the eligibility of the designated acreage. Where only part of the cropland on a farm is offered for the conservation reserve, such land will be examined to determine if it is as productive as the average for the farm as a whole and if necessary the annual payment rate is adjusted in accordance with the productivity of the land placed in the reserve. At this point the county committee representative also

discusses with the producer the conservation practice requirements for eligibility for the conservation reserve. A substantial proportion of producers who make application for contracts and whose land is actually measured do not finally sign. Thus the contracting cost per participant (signer) is higher than in other comparable programs.

Contracts cannot be entered into in excess of the program authorizations available to the county. As the acreage offered by producers that desire to participate in the program is determined to require payments in excess of the funds available, an established order of priority will determine which producers will be offered contracts. For the 1960 program, it is estimated that 55,000 additional contracts covering 5,000,000 acres will be accepted.

In fiscal 1960, in addition to re-measuring the farms put in the program under 1958 and prior programs, it will be necessary to measure the 137,000 farms brought into the conservation reserve under the 1959 program. Also, measuring will be required for all those contracts modified by producers due to reconstitution of farms, land sales, and similar reasons. These measurements are necessary to determine if the producers are in conformity with the contract provisions and are thereby eligible to receive annual rental payments for the year. The measurement will assure that crops were not harvested from the conservation reserve acreage and that it was not grazed, as well as determine that soil bank base crops were not planted in excess of the permitted acreage.

(b) An increase of \$410,893 for the operating expenses of CSS National and ASC State committees consisting of:

1. An increase of \$102,213 in the operating expenses of the Commodity Stabilization Service for services that are necessary to administer the Soil Bank Act. Except for liquidation activities, the completion of the 1958 Acreage Reserve Program in the fiscal year 1959, is the last year of operation of that program. In the fiscal year 1959, the Acreage Reserve Program was charged its prorata share of overhead activities. The Acreage Reserve Program will not be operating in the fiscal year 1960, therefore, the prorata share of 1960 overhead expenses chargeable to the Conservation Reserve Program will increase.

2. An increase of \$308,680 in the operating expenses of the ASC State committees. The need for supervision and assistance to the county committees will continue to increase as long as the Conservation Reserve Program increases. This is necessary to assure that personnel at the county level are familiar with the complicated program provisions and operating policies. Determination must also be made that the operating policies of the ASC county committees are sound and in conformity with the regulations and procedures issued to the counties. This is usually accomplished by conducting meetings with county committee personnel and by making frequent reviews of the county office operations. The ASC State committees spot-check the conservation reserve, the base acreage, and the permitted acreage for all farms of each county farm reporter to assure proficiency and accuracy. Such spot-checking will increase in the fiscal year 1960 due to the cumulative nature of the workload.

(c) A net increase of \$275,926 for the operating expenses of other agencies that consists of:

1. An increase of \$101,650 to the Forest Service to provide a more adequate level of technical assistance to service the planting of the increased number of trees available for the fiscal year 1960.
2. An increase of \$116,500 to the Soil Conservation Service for anticipated increase in technical services required to be furnished the increasing number of participants.
3. An increase of \$65,000 to the Office of the General Counsel, primarily in connection with increasing problems at ASC State and county levels in connection with hearings, litigation, contracts and enforcement of penalties.
4. A decrease of \$7,224 to the Agricultural Conservation Program Service.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

- For necessary expenses to carry out a conservation reserve program
- 1 * * * Provided, That not to exceed [\$16,000,000] \$19,318,000 shall be available for administrative expenses of which not less than
 - 2 [\$12,750,000] \$15,171,900 may be transferred to the appropriation account "Local administration, section 388, Agricultural Adjustment Act of 1938" * * * Provided further, That hereafter no conservation reserve contract shall be entered into which provides for [(1)] payments for conservation practices in excess of the average rate for comparable practices under the Agricultural Conservation Program
 - 3 [, or (2) annual rental payments in excess of 20 per cent of the value of the land placed under contract, such value to be determined without regard to physical improvements thereon or geographic location thereof. In determining the value of the land for this purpose, the county committee shall take into consideration the estimate of the landowner or operator as to the value of such land as well as his certificate as to the production history and productivity of such land].

The first change increases the limitation on the total amount which may be used for administrative expenses from \$16,000,000 to \$19,318,000. The increase of \$3,318,000 is composed of (1) an increase of \$1,085,000 to provide an average 10% raise in the salaries of Agricultural Stabilization and Conservation county committee employees; (2) an increase of \$1,924,250 for increased workload under an expanded conservation reserve program; and (3) increases of \$225,770 for increased pay costs pursuant to the Federal Employees Salary Increase Act of 1958 (Public Law 85-462) and \$82,980 for increased postal costs pursuant to Public Law 85-426, or a total of \$308,750 for these two purposes.

The second change increases the amount which may be transferred to the appropriation account "Local administration, section 388, Agricultural Adjustment Act of 1938" from \$12,750,000 to \$15,171,900. The increase of \$2,421,900 is composed of (1) an increase of \$1,085,000 to provide an average 10% raise in the salaries of Agricultural Stabilization and Conservation county committee employees; (2) an increase of \$1,250,000 for increased workload under an expanded conservation reserve program; and (3) increases of \$8,500 for increased Federal pay costs and \$78,400 for increased postal costs, or a total of \$86,900 for these two purposes.

The third change deletes the provision that prohibits entering into a conservation reserve contract that provides for annual rental payments in excess of 20 percent of the value of the land placed under contract and the part of the provision that determines how such land value shall be established.

In establishing the annual payment rates for the conservation reserve, the Department gives careful consideration to estimated land values, data available on cash rental of land, and productivity of the land. The county agricultural stabilization and conservation committees have the authority, and have been instructed, to adjust the individual farm payment rates from the average county rate, where, in their judgment, the productivity, value of the land for agricultural purposes, or rental rate for such farm varies from the average for the county. Because of their wide knowledge of land productivity and values, it is anticipated that the county agricultural stabilization and conservation committees will not establish an annual rental rate for a farm even as great as 20 percent of the value of the land for agricultural purposes except through clerical error.

The language in the 1959 Appropriation Act creates confusion and tends to increase administrative expense. The meaning of the words "without regard to physical improvements thereon or geographic location thereof", is not clearly defined. It is apparent that land improvement such as irrigation structures, drainage systems, and terracing, and such factors as location and accessibility of the land, would be reflected in land value. Furthermore, owners have a pride in their land to varying degrees, so the reliability of their claims as to values and productivity would vary accordingly.

STATUS OF PROGRAM

Major Provisions of Program

1. Objective - The Conservation Reserve Program is part of the over-all program to prevent the production of excessive supplies of agricultural commodities. Its purpose is to (1) adjust crop acreage more nearly in line with demands by withdrawing cropland from production, and (2) establish and maintain sound conservation practices on the land withdrawn. The Government assists farmers agreeing to withdraw land for a specified period of years by sharing in the cost of establishing long-term conservation practices and by making annual rental payments to farmers cooperating in the program.

2. Size of Program - The Soil Bank Act provides that the Secretary shall not enter into contracts which would require payments to producers in excess of \$450,000,000 in any calendar year. The 1958 Appropriation Act limited use of the funds appropriated to the making of contracts with producers which with those already entered into would require payments to producers not in excess of \$325,000,000 in any calendar year and provided that for purposes of applying this limitation, practice payments shall be chargeable to the first year of the contract period. The 1959 Appropriation Act provides a \$375,000,000 program authorization in any calendar year.

3. Removing land from production - A producer who wishes to participate in the Conservation Reserve Program must sign a contract in which he agrees to remove cropland from the production of crops and devote it exclusively to conservation uses. This land is placed in the conservation reserve. The producer may be paid 50 to 80% of what it costs to establish protective cover or certain other conservation practices, or may be furnished with materials and services for carrying out such practices. The annual payment paid to a producer for acres placed in the reserve compensates in part for the income a producer may expect to receive had crops been grown.

4. Use of land in conservation reserve - A producer participating in the program agrees, among other things, (a) to establish or maintain protective cover (grasses, legumes, or trees), water storage or some other approved conservation practice on designated acres, (b) not to harvest any crops from these acres, except timber in keeping with good forestry management, (c) not to pasture these acres during the contract period, except as may be approved by the Secretary, and (d) to limit the crop acreage on the farm to what is known as the "soil bank base" established by the ASC County Committee. In general, the soil bank base is the acreage that normally produces soil bank base crops such as grain sorghum, wheat, cotton, soybeans, potatoes, sugar beets, seed crops, etc.

5. Duration of program and length of contracts - Producers may negotiate contracts during a period of 5 calendar years from 1956 through 1960. The minimum conservation reserve contract is for 3 years, the maximum 10 years, except for tree cover which may be 15 years. Three-year contracts apply only to land on which adequate protective cover exists and no cost-sharing practices are required.

6. General provisions - Among other things (a) producers must be in compliance with all acreage allotments and the farm soil bank base, except that if the wheat allotment is less than 15 acres the farm may not have more than 15 acres of wheat, unless participating in the feed wheat program which allows up to 30 acres, or if the peanut allotment is less than one acre, the farm may not have more than one acre of peanuts; (b) tenants and sharecroppers have full right to share in benefits; and (c) a farmer's historical acreage for allotment purposes will be protected.

7. Advances to Commodity Credit Corporation - The Soil Bank Act authorizes the Secretary to use the facilities of the Commodity Credit Corporation in administering the Soil Bank Programs. Payments to producers are made by the issuance of sight drafts which are redeemed by the Corporation. The Act specifies that after June 30, 1957 the Commodity Credit Corporation shall not make any payments for the Soil Bank Programs unless it has received in advance funds from appropriations made for this purpose.

The amount of payments due under each program is based on approved contracts and agreements. The timing of the payments by fiscal years is more difficult to predict and is dependent upon the producer's completion of performance.

The \$114,933,598 advanced to the Commodity Credit Corporation during the fiscal year 1958 was \$19,932,525 in excess of the payments made to producers. This latter amount, therefore, was available for program payments after June 30, 1958. The excess of funds advanced from the Conservation Reserve Program to the Corporation in the fiscal year 1959 which will inevitably exceed the actual value of sight drafts issued, will be retained in the Corporation to cover the issuance of sight drafts in the fiscal year 1960.

8. Payments - Two kinds of payments are made under the Conservation Reserve Program. They are:

(a) A cost-sharing payment to assist in the establishment of soil and water conservation practices on the land designated for the Conservation Reserve. This payment, determined by State and county ASC committees, ranges from 50 to 80% of such costs, except that practices for the establishment of water and marsh management and the construction of dams and ponds are on a sliding scale from 80 to 20% of the cost, and the practice of establishing cover beneficial to wildlife is based on the cost of other specified practices. Cost-sharing payments are made only in case of contracts covering a period of at least five years.

(b) An annual payment on the land put in the Conservation Reserve. This is a per-acre rate multiplied by the number of acres put in the Conservation Reserve. The national average approved per-acre rate for the 1956, 1957, and 1958 programs was \$10.00 and for the 1959 program is \$13.50 for the reserve acreage representing a reduction in the soil bank base crops. This varied among States and counties. For the 1956-1958 programs the annual payment per acre was 30% of the above rate where the reserve acreage provides no reduction in soil bank base crops, and for the 1959 program 50%. Total annual payment to any farm producer in any year was limited to \$5,000. Under certain conditions the Secretary has authority to approve payments in excess of \$5,000, but for the 1956, 1957, and 1958 programs this authority was not exercised.

(c) Accomplishments in the calendar year 1957 under the 1956 and 1957 programs are as shown in the following Tables I, II, and III.

Table I

CONSERVATION RESERVE PROGRAM

Participating farms, payees, and amount of assistance
1956 and 1957 contracts only

Calendar Year 1957

State and region	Participating farms	Individuals receiving annual payments	Individuals receiving practice payments	Amount of payment ^{1/}		
				Annual	Practice	Total
	Number	Number	Number	Dollars	Dollars	Dollars
Ala.....	824	838	411	197,445	454,910	652,355
Ala.....	38	38	27	1,342	6,911	8,253
Ala.....	131	132	86	6,232	18,218	24,450
Ala.....	14	14	6	1,884	2,509	4,393
Ala.....	---	---	---	---	---	---
Ala.....	6	6	3	611	632	1,243
Ala.....	2,192	2,215	1,322	678,969	1,085,217	1,764,186
Ala.....	165	165	63	60,799	46,431	107,230
Ala.....	1,166	1,195	404	328,807	169,820	498,627
Ala.....	4,536	4,603	2,322	1,276,089	1,784,648	3,060,737
Ala.....	1,260	1,298	674	374,470	306,751	681,221
Ala.....	683	708	428	211,484	280,652	492,136
Ala.....	313	344	209	126,317	183,228	309,545
Ala.....	2,743	2,795	1,175	803,536	642,974	1,446,510
Ala.....	3,129	3,188	1,288	1,036,363	754,268	1,790,631
Ala.....	7,841	8,281	5,853	5,181,832	2,451,479	7,633,311
Ala.....	1,192	1,280	903	560,210	378,250	938,460
Ala.....	1,871	1,963	1,478	564,156	1,789,310	2,353,466
Ala.....	3,595	4,417	3,677	4,579,418	2,590,766	7,170,184
Ala.....	3,914	4,724	3,918	3,536,265	2,787,958	6,324,223
Ala.....	1,619	1,954	1,306	862,711	574,993	1,437,704
Ala.....	2,853	3,501	2,348	2,131,596	1,143,071	3,274,667
Ala.....	31,013	34,453	23,257	19,968,358	13,883,700	33,852,058
Ala.....	23	25	20	10,747	18,816	29,563
Ala.....	318	332	168	123,243	109,801	233,044
Ala.....	292	296	228	54,796	68,646	123,442
Ala.....	57	57	25	7,079	6,013	13,092
Ala.....	1,235	1,267	1,024	258,525	351,792	610,317
Ala.....	2,774	2,834	1,686	879,305	489,676	1,368,981
Ala.....	4,434	4,618	2,788	1,681,531	1,158,850	2,840,381
Ala.....	891	903	772	453,197	468,814	922,011
Ala.....	10,024	10,332	6,711	3,468,423	2,672,408	6,140,831
Ala.....	651	672	406	166,997	302,089	469,086
Ala.....	1,291	1,338	1,104	339,569	718,928	1,058,497
Ala.....	2,004	2,065	1,360	429,981	488,055	918,036
Ala.....	1,412	1,434	895	465,868	469,689	935,557
Ala.....	1,420	1,507	1,030	466,877	545,042	1,011,919
Ala.....	518	538	320	132,704	72,082	204,786
Ala.....	5,296	6,107	4,426	3,257,461	1,341,267	4,598,728
Ala.....	14,357	17,477	12,227	15,344,213	7,497,712	22,841,925
Ala.....	26,949	31,138	21,768	20,603,670	11,434,864	32,038,534
Ala.....	455	507	401	670,509	285,905	956,414
Ala.....	246	291	204	333,798	169,612	503,410
Ala.....	193	216	155	225,762	72,574	298,336
Ala.....	2,294	2,754	1,041	3,377,822	443,057	3,820,879
Ala.....	2,775	3,496	2,233	5,288,964	1,493,000	6,781,964
Ala.....	57	70	58	93,864	53,273	147,137
Ala.....	442	497	375	657,071	384,853	1,041,924
Ala.....	1	1	1	91	226	317
Ala.....	187	210	130	177,623	108,811	286,434
Ala.....	441	494	261	420,023	249,441	669,464
Ala.....	178	195	64	265,046	109,205	374,251
Ala.....	7,269	8,731	4,923	11,510,573	3,369,957	14,880,530
Ala.....	79,791	89,257	58,981	56,827,113	33,145,577	89,972,690

Excludes \$311,732 of annual payment and \$65,322 of practice payments, withheld, refunded, or forfeited due contract violations or other reasons.

Table II

CONSERVATION RESERVE PROGRAM

Summary of conservation practices carried out under the 1956 and 1957 Conservation Reserve Program

Calendar Year 1957

Practice	Report number	Areas included			Extent		Amount of assistance	
		States	Counties	Farms	Unit	Number	Average rate per unit	Total
		Number	Number	Number			Dollars	Dollars
Permanent cover for soil protection or land-use adjustment.....(Summary)...	A-2	(46)	(2,182)	(44,693)	Acre	(3,847,036)	xx	(26,804,493)
Complete.....		46	2,150	36,601	Acre	2,751,630	8.38	23,056,232
Incomplete.....		24	387	8,092	Acre	1,092,406	3.42	3,748,261
Lime to permit the use of legumes and grasses.....	A-4(A)	13	256	2,633	Acre	83,924	9.67	811,665
Rock or colloidal phosphate to permit the use of legumes and grasses.....	A-4(B)	1	1	1	Acre	31	4.84	150
Sulphur or gypsum to permit the use of legumes and grasses.....	A-4(C)	1	3	6	Acre	341	2.05	699
Planting trees or shrubs.....	A-7	43	1,182	9,252	Acre	247,732	10.56	2,615,511
Land preparation for tree planting in a subsequent calendar year.....	A-7(A)	3	24	35	Acre	311	4.06	1,264
Tillage of trees planted in a prior calendar year.....	A-7(B)	3	24	45	Acre	315	3.11	981
Dams, pits, or ponds to improve vegetative cover.....	B-7	28	345	1,327	Structure	1,459	529.00	771,955
Dams, pits, or ponds for irrigation water.....	C-14	13	67	148	Structure	161	576.00	92,776
Vegetative cover for winter protection from erosion 1/.....(Summary)...	D-1	(23)	(205)	(1,404)	Acre	(111,675)	xx	(527,484)
Complete.....		23	204	1,395	Acre	111,137	4.73	525,978
Incomplete.....		3	5	9	Acre	538	2.80	1,506
Vegetative cover for summer protection from erosion 1/.....(Summary)...	D-2	(20)	(185)	(3,387)	Acre	(395,818)	xx	(1,256,642)
Complete.....		20	185	3,359	Acre	394,138	3.18	1,251,459
Incomplete.....		1	4	28	Acre	1,680	3.09	5,183
Establishment and management of cover beneficial to wildlife.....(Summary)...	C-1	(28)	(104)	(211)	Acre	(7,472)	xx	(53,321)
Complete.....		27	102	206	Acre	7,063	7.34	51,838
Incomplete.....		2	2	5	Acre	409	3.63	1,483
Water and marsh management to benefit fish and wildlife.....	G-2	11	32	112	Acre	1,159	2/51.51	59,702
Constructing dams or ponds for fish.....(Summary)...	G-3	(19)	(128)	(328)	Structure	(361)	xx	(214,256)
Complete.....		19	127	327	Structure	359	594.00	213,067
Incomplete.....		1	1	1	Structure	2	594.00	1,189
TOTAL.....	xx	47	2,418	56,999	xx	xx	xx	33,210,899
Payments withheld, forfeited or refunded								-65,322
Net payments								33,145,577

1/ Includes some acreage approved as acceptable permanent cover.

2/ Includes assistance for necessary structures.

For certain practices a "summary" and a breakdown into "complete" and "incomplete" are shown. Data shown as "complete" represent practices for which all components have been performed. Data for "incomplete" practices represent work done which does not constitute a complete practice, but does represent completed components of a package practice for which assistance was given.

Table III

CONSERVATION RESERVE PROGRAM

Summary of extent of selected conservation practices completed during calendar years 1956 and 1957, and payments for all practices 1/

1956 and 1957 Programs

State and region	Permanent cover A-2	Liming A-4(A)	Trees or shrubs A-7	Dams to improve cover B-7	Irrigation dams C-14	Winter cover D-1	Summer cover D-2	Wildlife cover G-1	Marsh management G-2	Fish ponds G-3	Amount of assistance for all practices 2/
	Acres	Tons	Acres	Structures	Structures	Acres	Acres	Acres	Acres	Structures	Dollars
Maine.....	10,793	5,373	1,154	---	---	---	---	---	---	---	465,920
N. H.....	2	5	129	---	1	---	---	---	---	6	6,911
Vt.....	8	3	738	2	---	---	---	---	---	3	21,249
Mass.....	72	163	3	---	---	---	3	---	---	---	2,509
R. I.....	---	---	---	---	---	---	---	---	---	---	---
Conn.....	---	---	16	---	---	---	---	---	---	---	632
N. Y.....	25,002	38,511	2,935	110	6	154	50	33	2	167	1,090,248
N. J.....	1,375	1,433	31	1	---	44	11	105	---	---	46,431
Pa.....	5,590	7,303	826	15	---	---	---	7	---	1	171,334
N. Atl.....	42,842	52,796	5,832	125	7	198	64	145	2	177	1,805,234
Ohio.....	11,989	24,278	266	16	---	375	---	61	41	39	308,248
Ind.....	10,645	26,750	486	24	3	---	---	11	---	5	284,910
Ill.....	5,249	10,583	1,198	22	---	60	---	83	---	---	183,536
Mich.....	23,125	31,940	3,364	6	7	427	119	191	---	1	642,974
Wis.....	27,918	78,988	5,795	---	---	829	---	148	28	---	754,268
Minn.....	332,078	55,081	2,298	1	---	---	---	15	2	---	2,451,479
Iowa.....	34,127	27,822	742	87	---	---	---	---	---	---	378,250
Mo.....	35,766	114,857	396	629	63	2,479	663	32	282	55	1,806,091
N. Dak.....	430,420	---	1,059	1	---	---	518	275	423	---	2,600,386
S. Dak.....	367,028	---	820	3	---	306	---	7	---	---	2,794,850
Nebr.....	65,001	1,572	184	---	---	1,035	320	10	---	---	578,341
Kans.....	59,582	81,198	83	4	---	646	---	34	---	---	1,145,852
N. Cent.....	1,402,928	453,069	16,711	793	73	6,157	1,620	867	776	100	13,929,185
Del.....	791	1,100	6	---	---	---	---	---	---	---	18,816
Md.....	4,347	4,438	404	5	---	---	---	300	1	9	109,801
Va.....	1,522	2,161	2,346	---	---	---	---	3	---	---	68,693
W. Va.....	134	137	109	2	---	---	---	---	---	---	6,340
N. C.....	5,668	8,266	18,538	38	11	443	88	96	4	24	397,310
S. C.....	13,178	10,855	34,332	---	27	---	194	17	---	---	502,047
Ga.....	25,684	26,726	99,178	13	3	94	228	15	---	5	1,456,814
Fla.....	9,001	4,906	45,395	---	---	80	101	---	---	---	501,652
S. Atl.....	60,325	58,589	200,308	58	41	617	611	431	5	38	3,061,473
Ky.....	8,929	19,655	619	108	12	39	14	---	---	13	308,295
Tenn.....	22,247	42,477	4,790	256	---	416	249	---	---	---	742,285
Ala.....	12,416	11,752	29,382	---	---	---	---	131	---	13	558,896
Miss.....	14,189	11,744	5,839	16	---	6,732	50	27	---	2	491,093
Ark.....	17,552	32,805	7,737	39	27	5,973	9,540	41	137	9	563,110
La.....	1,849	690	7,744	3	---	47	---	68	---	---	75,814
Okla.....	105,270	6,758	283	16	---	29,097	16,777	51	---	---	1,374,473
Tex.....	718,344	9,508	8,039	57	2	60,296	256,804	4,828	---	---	7,509,697
S. Cent.....	900,796	135,389	64,433	495	41	102,600	283,434	5,146	137	38	11,623,663
Mont.....	66,843	---	4	---	---	---	---	---	---	---	287,288
Idaho.....	34,883	---	6	---	---	---	---	---	---	1	214,945
Wyo.....	20,585	---	2	---	---	393	---	---	---	---	72,574
Colo.....	81,168	---	30	17	1	3,297	107,040	---	---	---	448,912
N. Mex.....	58,965	---	---	---	---	---	---	---	---	---	1,493,000
Ariz.....	447	---	---	2	---	6,089	---	---	---	---	53,273
Utah.....	66,377	---	2	---	---	---	---	---	---	---	409,621
Nev.....	13	---	---	---	---	---	---	---	---	---	226
Wash.....	9,954	---	257	---	---	---	139	---	---	1	108,811
Oreg.....	22,576	2,327	252	1	---	143	1,262	466	141	4	255,667
Calif.....	8,784	---	---	---	2	52	---	10	106	---	132,033
West.....	370,595	2,327	553	20	3	9,974	108,441	476	247	6	3,476,350
U. S.....	2,777,486	702,170	287,837	1,494	165	119,546	394,170	7,065	1,167	359	33,895,905

1/ Does not include practices performed in 1957 under 1958 contracts.

2/ Total assistance paid for all practices performed and adjusted by the amount of payment withheld, forfeited, or refunded due to violation, etc.

9. Term Contracts - The Conservation Reserve Program, because of the term contracts, accumulates its accomplishments each year that new contracts are accepted. The program in the calendar year 1958, not only includes the new contracts signed under the 1958 program, but also the acreage contracted under the 1956 and 1957 programs.

10. Participation in 1958 Program - The following Tables IV and IV-a are tabular statements showing the participation during the 1958 program year. Table V shows the payments made during the fiscal year 1958, and Table VI shows the practices carried out in 1957 program year on new 1958 contracts.

PROGRESS REPORT AS OF JULY 15, 1958

Number of contracts, total acreage under contract, annual payment obligations for the 1958 program and cumulative practice obligations

State and Region	: Contracts	: Acres	: Annual Payment	: Practice	: Total Annual
	: Signed -	: under	: Obligations -	: Payment	: & Practice
	: Cumulative	: Contract -	: 1958	: Obligations -	: Payment
	: 1956, 1957	: Cumulative	: Program Year	: Cumulative	: Obligations -
	: & 1958	:	:	: 1956, 1957	: Cumulative
	:	:	:	: & 1958 1/	:
	: <u>Number</u>	: <u>Acres</u>	: <u>Dollars</u>	: <u>Dollars</u>	: <u>Dollars</u>
Me.....	: 1,490	: 58,415	: 453,196	: 941,835	: \$1,395,031
N. H.....	: 114	: 1,994	: 14,531	: 63,615	: 78,146
Vt.....	: 305	: 6,060	: 45,175	: 151,661	: 196,836
Mass.....	: 31	: 519	: 4,571	: 14,578	: 19,149
R. I.....	: - -	: - -	: - -	: - -	: - -
Conn.....	: 12	: 277	: 2,404	: 3,844	: 6,248
N. Y.....	: 3,533	: 135,855	: 1,201,690	: 2,475,137	: 3,676,827
N. J.....	: 211	: 7,469	: 84,809	: 125,329	: 210,138
Pa.....	: 1,812	: 56,214	: 512,077	: 429,697	: 941,774
N. Atl.	: 7,508	: 266,803	: 2,318,453	: 4,205,696	: 6,524,149
Ohio.....	: 1,771	: 51,936	: 544,276	: 549,280	: 1,093,556
Ind.	: 968	: 29,265	: 309,283	: 458,769	: 768,052
Ill.....	: 456	: 15,835	: 177,156	: 346,925	: 524,081
Mich.....	: 4,019	: 169,137	: 1,255,303	: 1,418,417	: 2,673,720
Wisc.....	: 4,382	: 163,319	: 1,458,944	: 1,288,089	: 2,747,033
Minn	: 13,145	: 1,028,191	: 9,444,339	: 4,967,167	: 14,411,506
Iowa	: 1,687	: 73,369	: 821,768	: 673,173	: 1,494,941
Mo.....	: 3,433	: 135,601	: 1,133,850	: 5,235,567	: 6,369,417
No. Dak...	: 5,773	: 799,144	: 7,545,772	: 3,910,769	: 11,456,541
So. Dak..	: 5,609	: 610,972	: 5,349,178	: 4,337,732	: 9,686,910
Nebr.....	: 2,212	: 154,167	: 1,228,631	: 1,191,159	: 2,419,790
Kans.....	: 5,716	: 437,153	: 4,411,756	: 6,474,609	: 10,886,365
N. Cent.	: 49,171	: 3,668,089	: 33,680,256	: 30,851,656	: 64,531,912
Del.....	: 42	: 1,597	: 18,575	: 33,479	: 52,054
Md.....	: 455	: 16,667	: 180,586	: 194,588	: 375,174
Va.....	: 480	: 10,334	: 88,723	: 142,196	: 230,919
W. Va....	: 141	: 3,793	: 32,670	: 75,044	: 107,714
No. Car..	: 2,502	: 56,348	: 554,507	: 945,450	: 1,499,957
So. Car..	: 5,247	: 192,193	: 1,673,315	: 1,797,482	: 3,470,797
Ga.....	: 7,710	: 384,926	: 2,979,572	: 4,016,343	: 6,995,915
Fla.....	: 1,246	: 96,063	: 699,771	: 894,766	: 1,594,537
S. Atl.	: 17,823	: 761,921	: 6,227,719	: 8,099,348	: 14,327,067

Table IV Cont'd.

CONSERVATION RESERVE PROGRAM

PROGRESS REPORT AS OF JULY 15, 1958

Number of contracts, total acreage under contract, annual payment obligations for the 1958 program and cumulative practice obligations

State and Region	: Contracts	: Acres	: Annual Payment:	: Practice	: Total Annual
	: Signed -	: under	: Obligations -	: Payment	: & Practice
	: Cumulative	: Contract -	: 1958	: Obligations-	: Payment
	: 1956, 1957:	: Cumulative	: Program Year	: Cumulative	: Obligations -
	: & 1958	:	:	: 1956, 1957	: Cumulative
	:	:	:	: & 1958 1/	:
	: Number	: Acres	: Dollars	: Dollars	: Dollars
	:	:	:	:	:
Ky.....	: 989	: 29,793:	260,774:	709,233:	970,007
Tenn.....	: 2,506	: 83,986:	785,820:	1,898,936:	2,684,756
Ala.....	: 3,259	: 105,777:	792,596:	1,337,794:	2,130,390
Miss.....	: 2,897	: 108,150:	1,095,290:	1,066,277:	2,161,567
Ark.....	: 3,002	: 139,356:	1,106,101:	1,587,933:	2,694,034
La.....	: 1,357	: 63,677:	575,787:	445,719:	1,021,506
Okla.....	: 8,608	: 609,413:	5,317,625:	4,828,028:	10,145,653
Tex.....	: 19,568	: 2,108,753:	20,216,598:	17,975,983:	38,192,581
S. Cent.	: 42,186	: 3,248,905:	30,150,591:	29,849,903:	60,000,494
Mont.....	: 676	: 118,818:	961,661:	541,514:	1,503,175
Idaho....	: 346	: 62,431:	477,821:	396,046:	873,867
Wyo.....	: 250	: 39,435:	289,871:	108,003:	397,874
Colo.....	: 3,116	: 659,039:	4,625,869:	3,657,810:	8,283,679
N. Mex...	: 3,298	: 792,204:	6,409,264:	5,298,348:	11,707,612
Ariz.....	: 67	: 7,905:	106,211:	64,086:	170,297
Utah.....	: 512	: 100,028:	<u>2/</u> 811,373:	588,713:	1,400,086
Nev.....	: 1	: 13:	91:	226:	317
Wash.....	: 471	: 56,658:	547,555:	478,319:	1,025,874
Oreg.....	: 810	: 72,804:	752,337:	811,839:	1,564,176
Calif....	: 280	: 44,013:	425,701:	342,714:	768,415
West...	: 9,827	: 1,953,348:	15,407,754:	12,287,618:	27,695,372
U. S.	: 126,515	: 9,899,066:	87,784,773:	85,294,221:	173,078,994

1/ Includes funds already expended for practice completion.

2/ Payment reduced by \$1,874 due to \$5,000 limitation.

Table IVa

1956, 1957, and 1958 Conservation Reserve Programs
Extent of Conservation Practices Performed

<u>Practice</u>	<u>Extent</u>	<u>Payment Obligations</u>	<u>Estimated Cost per Unit</u>
Establishment of permanent vegetative cover, A-2 (acres)	7,390,881	\$66,783,815	\$9.04
Establishment of trees and shrubs, A-7 (acres)	1,072,556	12,264,343	11.43
Establishment of trees and shrubs to prevent wind and water erosion, A-8 (acres)	8,000	107,065	33.69
Establishment and management of cover specifically beneficial to wildlife, G-1 (acres)	32,202	364,208	11.31
Water and marsh management to benefit fish and wildlife, G-2 (acres)..	4,844	222,966	46.03
Construction of dams, pits, or ponds for protecting vegetative cover, B-7 (structures)	3,227	1,867,908	579.00
Construction of dams, pits, or ponds for irrigation water, C-14 (structures)	382	218,841	573.00
Construction of dams and ponds for fish, G-3 (structures)	1,049	656,306	626.00
Establishment of vegetative cover for winter protection from erosion, D-1 (acres)	189,868	904,998	4.77
Establishment of vegetative cover for summer protection from erosion, D-2 (acres)	575,191	1,903,771	3.31

TABLE V

CONSERVATION RESERVE PROGRAM
PAYMENTS MADE TO PRODUCERS THROUGH JUNE 30, 1958
FISCAL YEAR 1958

State	: Annual Payments	: Payments for Practices	: Total Payments
Alabama	: \$438,433	: \$568,725	: \$1,007,158
Arizona	: 92,679	: 52,490	: 145,169
Arkansas	: 461,582	: 704,806	: 1,166,388
California	: 252,708	: 132,384	: 385,092
Colorado	: 3,362,835	: 885,342	: 4,248,177
Connecticut	: 649	: 2,372	: 3,021
Delaware	: 10,748	: 25,945	: 36,693
Florida	: 436,565	: 400,076	: 836,641
Georgia	: 1,684,066	: 1,763,374	: 3,447,440
Idaho	: 332,065	: 188,141	: 520,206
Illinois	: 126,549	: 200,547	: 327,096
Indiana	: 223,316	: 236,129	: 459,445
Iowa	: 455,512	: 485,566	: 941,078
Kansas	: 2,115,310	: 1,895,963	: 4,011,273
Kentucky	: 171,505	: 328,858	: 500,363
Louisiana	: 132,933	: 115,573	: 248,506
Maine	: 192,600	: 456,857	: 649,457
Maryland	: 121,674	: 102,169	: 223,843
Massachusetts	: 2,324	: 3,517	: 5,841
Michigan	: 837,907	: 770,275	: 1,608,182
Minnesota	: 5,152,705	: 2,509,345	: 7,662,050
Mississippi	: 474,877	: 412,059	: 886,936
Missouri	: 560,352	: 1,970,379	: 2,530,731
Montana	: 670,160	: 283,225	: 953,385
Nebraska	: 862,365	: 677,021	: 1,539,386
Nevada	: 91	: 226	: 317
New Hampshire	: 1,469	: 13,785	: 15,254
New Jersey	: 54,669	: 45,943	: 100,612
New Mexico	: 5,344,290	: 1,659,519	: 7,003,809
New York	: 668,013	: 1,078,272	: 1,746,285
North Carolina	: 251,338	: 452,679	: 704,017
North Dakota	: 4,562,445	: 2,622,055	: 7,184,500
Ohio	: 382,581	: 327,613	: 710,194
Oklahoma	: 3,254,038	: 2,253,697	: 5,507,735
Oregon	: 419,709	: 292,166	: 711,875
Pennsylvania	: 325,286	: 235,897	: 561,183
South Carolina	: 852,982	: 613,230	: 1,466,212
South Dakota	: 3,539,420	: 2,757,580	: 6,297,000
Tennessee	: 339,633	: 707,288	: 1,046,921
Texas	: 15,261,148	: 8,682,813	: 23,943,961
Utah	: 656,171	: 316,273	: 972,444
Vermont	: 6,431	: 19,409	: 25,840
Virginia	: 54,006	: 67,339	: 121,345
Washington	: 178,919	: 212,678	: 391,597
West Virginia	: 7,089	: 36,048	: 43,137
Wisconsin	: 1,037,714	: 696,298	: 1,734,012
Wyoming	: 218,012	: 75,276	: 293,288
Subtotal	: 56,587,873	: 38,337,222	: 94,925,095
Treasury checks	: -	: 75,978	: 75,978
GRAND TOTAL	: 56,587,873	: 38,413,200	: 95,001,073

10. 1958 Practices carried out - Following is a statement of the practices carried out in the calendar year 1957 on the contracts signed under the 1958 program.

Table VI

CONSERVATION RESERVE PROGRAM

Summary of conservation practices carried out under the Conservation Reserve Program, 1958 contracts only

Calendar Year 1957 1/

Practice	Report number	Areas included			Extent		Amount of assistance	
		States	Counties	Farms	Unit	Number	Average rate per unit	Total
		Number	Number	Number			Dollars	Dollars
Permanent cover for soil protection or land-use adjustment.....(Summary).. Complete.....	A-2	(15)	(32)	(86)	Acre	(12,251)	xx	(102,368)
Incomplete.....		15	31	78	Acre	11,855	8.18	96,976
Lime to permit the use of legumes and grasses.....	A-4(A)	3	4	8	Acre	396	13.62	5,392
Planting trees or shrubs.....	A-7	1	1	1	Acre	24	10.62	255
Dams, pits, or ponds to improve vegetative cover.....	B-7	13	54	115	Acre	2,539	9.04	22,953
Dams, pits, or ponds for irrigation water.....(Summary).. Complete.....	C-14	(2)	(7)	(9)	Structure	9	676.00	6,085
Incomplete.....		1	1	2	Structure	(3)	xx	(1,568)
Water and marsh management to benefit fish and wildlife.....	G-2	1	1	1	Structure	2	603.00	1,206
Constructing dams or ponds for fish.....	G-3	(4)	(5)	(5)	Acre	1	362.00	362
Complete.....(Summary).. Incomplete.....		3	4	4	Structure	8	2143.62	1,149
		1	1	1	Structure	(5)	xx	(4,158)
					Structure	4	830.00	3,319
					Structure	1	839.00	839
TOTAL.....	xx	24	94	220	xx	xx	xx	138,536

1/ Includes data only with respect to practices performed in 1957, on 1958 contracts approved in the fall of 1957.

2/ Includes assistance for necessary structures.

For certain practices a "summary" and a breakdown into "complete" and "incomplete" are shown. Data shown as "complete" represent practices for which all components have been performed. Data for "incomplete" practices represent work done which does not constitute a complete practice, but does represent completed components of a package practice for which assistance was given.

1959 Conservation Reserve Program

1. Annual Payments - The basic State rates for annual payments under contracts beginning in 1959 are average rates based on a National average of \$13.50 an acre. This compares with a National average of \$10.00 for prior programs. On the basis of the State rates the State ASC offices will set average rates for their counties. The county rates will vary on the basis of land productivity, rental values, and fixed costs farms will have to meet to comply with the program. Individual farm rates within a county will vary along the same lines, except that in compliance with recent legislation no farm payment may exceed 20% of the land value. The basic State rates for the 1959 program and those in effect in former years are shown in Table VII which follows.

CONSERVATION RESERVE PROGRAM

1959 State Basic Rates Compared with Rates for 1956 - 1958 Programs

<u>State</u>	<u>1959 Basic State Rate</u>	<u>1956-58 Basic State Rate</u>
Alabama	\$12.00	\$8.00
Arizona	10.00	9.00
Arkansas	13.50	9.00
California	16.00	12.00
Colorado	9.00	8.00
Connecticut	20.00	13.00
Delaware	16.00	12.00
Florida	12.00	8.00
Georgia	12.00	8.00
Idaho	14.50	11.00
Illinois	19.00	12.00
Indiana	19.00	12.00
Iowa	19.00	12.00
Kansas	12.50	10.00
Kentucky	15.00	10.00
Louisiana	14.00	10.00
Maine	12.00	9.00
Maryland	17.00	12.00
Massachusetts	19.00	13.00
Michigan	15.00	11.00
Minnesota	14.50	11.00
Mississippi	14.00	10.00
Missouri	14.00	9.00
Montana	10.00	9.00
Nebraska	12.50	9.00
Nevada	10.00	7.00
New Hampshire	13.00	10.00
New Jersey	19.00	15.00
New Mexico	8.00	8.00
New York	15.00	11.00
North Carolina	16.00	10.00
North Dakota	10.50	9.00
Ohio	19.00	12.00
Oklahoma	12.00	9.00
Oregon	16.00	12.00
Pennsylvania	16.00	11.00
Rhode Island	19.00	12.00
South Carolina	13.50	9.00
South Dakota	11.00	9.00
Tennessee	14.00	10.00
Texas	12.00	10.00
Utah	12.00	11.00
Vermont	14.00	10.00
Virginia	16.00	10.00
Washington	16.00	13.00
West Virginia	14.00	10.00
Wisconsin	15.00	11.00
Wyoming	9.00	8.00
National Average	\$13.50	\$ 10.00

2. State Goals and Program Authorization - The National goal for the 1959 program is to increase the acreage in the program by 12,500,000. Table VIII shows the distribution between States of the National goal and each State's share of total program authorization.

1959 CONSERVATION RESERVE PROGRAM STATE GOALS
FOR NEW ACRES AND ALLOCATIONS OF PROGRAM AUTHORIZATION FUNDS

State	Goal for New Acres	Allocation of Program Authorization ^{1/}
	(1,000 Acres)	(1,000 Dollars)
Alabama	205	\$5,900
Arizona	20	118
Arkansas	240	6,702
California	175	3,203
Colorado	607	12,776
Connecticut	10	250
Delaware	15	509
Florida	50	2,086
Georgia	400	12,727
Idaho	135	3,367
Illinois	400	14,806
Indiana	324	10,622
Iowa	475	13,659
Kansas	850	24,432
Kentucky	260	8,834
Louisiana	100	2,701
Maine	41	1,349
Maryland	47	1,461
Massachusetts	15	120
Michigan	349	9,277
Minnesota	1,000	23,458
Mississippi	225	5,569
Missouri	381	17,259
Montana	300	5,134
Nebraska	506	10,726
Nevada	14	0
New Hampshire	14	456
New Jersey	26	949
New Mexico	115	7,721
New York	191	7,000
North Carolina	155	5,202
North Dakota	600	21,208
Ohio	200	7,506
Oklahoma	565	16,023
Oregon	154	4,158
Pennsylvania	174	4,583
Rhode Island	2	2
South Carolina	201	8,183
South Dakota	500	16,393
Tennessee	296	10,418
Texas	1,244	43,631
Utah	55	2,062
Vermont	36	1,036
Virginia	75	1,969
Washington	225	5,585
West Virginia	26	875
Wisconsin	439	8,975
Wyoming	63	1,021
To Forest Service for production of tree seedlings		2,000
Reestablishment of unsuccessful prac- tices and for contingencies		999
Total	12,500	\$375,000

^{1/} Covers 1959 annual payments on existing contracts plus annual and practice payment obligations for new acres to be signed for 1959.

3. Maximum and other Rates of Payment - The regular maximum payment rate may be earned by putting in the program land which, during the past two years (1957 and 1958), has been in soil bank "base" crops (grains, oilseeds and row crops) or from which tame hay has been harvested for hay or silage during the same period and a corresponding reduction is made in soil bank "base" crops.

A lower rate of per-acre payment, 50% of the regular maximum rate for the farm, may be earned by putting additional "nondiversion" land in the program. This does not require a corresponding reduction of soil bank "base" crops.

On farms with a soil bank base of over 30 acres for each acre put in the reserve at the regular rental rate one acre of land may be entered at the "nondiversion" rate.

Farmers who put all their eligible land under a conservation reserve contract for five years or more will earn the full regular rate they accept for their farms for both soil bank base land and nondiversion land. In addition, they will receive the extra 10% payment for whole farm participation.

The maximum regular rate or the higher rate for "whole farm" participation will be the "ceiling" rate for a farm. On farms where only part of the eligible land is put in the program, the annual rental rate is lower than this "ceiling" if the land designated for the reserve is below the average of the farm in productivity.

4. Applications for 1959 Conservation Reserve Contracts - The closing date for the initial signup under the 1959 Conservation Reserve Program was October 24, 1958. Over 20 million acres of cropland were offered against a goal for 1959 of 12.5 million acres. The program authorization is \$375 million, of which \$89.8 million is required for annual payments on prior year programs and for forest tree seedling production. The balance of the program authorization of \$285.2 million is available for new contract obligations. To accept all contracts offered (see Table No. IX) would require \$418.4 million or 147% of the authorization for new contracts. Of the 232,401 applications for contracts received, about 168,000 are for whole farm units, representing about 75% of the 20 million acres offered. To stay within the program authorizations, a priority system for offering contracts was established.

Within the funds available to a county, contracts will be awarded in the following order of priority:

(a) Farmers who had all of their eligible land in the Acreage Reserve and the Conservation Reserve together in 1958, and are now offering to put the acreage which was in the Acreage Reserve into the Conservation Reserve.

(b) Contracts will be offered next to applicants offering land at less than the maximum payment rate established for their farms. In this group contracts will first be offered to the applicant offering this land at the lowest percentage of the productivity value established for such land.

(Productivity value is the productivity index established for the farm times the county average payment rate.) In case there are applications at the same priority percentage rating of the maximum applicable farm rate, priority will be given in the following order:

- (1) Applications with the lower farm payment rate per acre.
- (2) Applications offering all of the remaining eligible land on the farm as Conservation Reserve for 1959.
- (3) Applications offering land for the longest contract period.

(c) Next, contracts will be offered to applicants who offer land at the maximum farm payment rate. In case there are applications at the same priority percentage rating of the maximum applicable farm rate, priority will be given in the following order:

- (1) Applications with the lower farm payment rate per acre.
- (2) Applications offering all of the remaining eligible land on the farm as Conservation Reserve for 1959.
- (3) Applications offering land for the longest contract period.

If applications of equal priority under the above factors remain for consideration, the final priority will be determined by lot at public drawing.

Firm contracts will be offered producers as soon as the acreage on the farms is measured. The program authorizations shown in the last column of Table VIII have been adjusted since the close of the fall signup to reflect the estimated payments under contracts that will be accepted.

The program planning and other factors in five States were such that the producers could not take full advantage of the fall signup. A spring signup in these States (Connecticut, Illinois, Massachusetts, New Hampshire and Vermont) will afford producers an equal opportunity to participate in the 1959 program.

APPLICATIONS FOR 1959 CONSERVATION RESERVE CONTRACTS

	New Acreage in 1959		Funds for New Acreage		
State	Applications for Contracts	Goal (acres)	Offered on Applications (acres)	Amount Available (1,000 dollars)	Estimated for all Application
Ala.	6,154	205,000	314,424	5,107	7,694
Ariz.	7	20,000	351	12	8
Ark.	8,000	240,000	590,950	5,595	9,988
Calif.	844	175,000	154,590	2,777	2,983
Colo.	2,906	607,000	664,192	8,150	9,087
Conn.	166	10,000	4,064	247	118
Del.	331	15,000	21,133	490	587
Fla.	1,282	50,000	138,132	1,386	2,805
Ga.	10,378	400,000	689,517	9,748	17,676
Idaho	1,410	135,000	252,165	2,889	4,549
Ill.	4,538	400,000	356,744	14,629	8,343
Ind.	7,123	324,000	465,642	10,313	15,108
Iowa	8,237	475,000	711,234	12,838	16,326
Kansas	8,347	850,000	837,060	20,020	21,317
Ky.	7,021	260,000	538,264	8,574	16,224
La.	2,509	100,000	211,219	2,125	3,828
Maine	891	41,000	51,406	896	1,015
Md.	1,294	47,000	82,810	1,280	2,078
Mass.	49	15,000	1,627	115	35
Mich.	7,279	349,000	455,385	8,022	9,184
Minn.	13,005	1,000,000	1,029,550	14,014	16,472
Miss.	4,233	225,000	272,627	4,474	5,506
Mo.	14,025	381,000	1,204,236	16,125	42,069
Mont.	1,618	300,000	484,395	4,172	5,852
Nebr.	7,300	506,000	730,561	9,497	14,595
Nev.	--	14,000	--	--	--
N. H.	210	14,000	7,176	442	140
N. J.	852	26,000	41,182	865	1,330
N. M.	534	115,000	80,989	1,312	1,227
N. Y.	5,288	191,000	307,680	5,799	6,351
N. C.	5,098	155,000	180,930	4,647	6,355
N. Dak.	12,400	600,000	1,927,587	13,662	27,321
Ohio	9,728	200,000	588,811	6,962	13,070
Okla.	13,092	565,000	1,036,010	10,705	20,209
Oregon	1,526	154,000	157,957	3,405	3,719
Pa.	4,965	174,000	267,199	4,071	5,407
R. I.	7	2,000	205	2	5
S. C.	9,136	201,000	479,002	6,509	10,982
S. Dak.	8,960	500,000	1,316,628	11,044	22,415
Tenn.	6,300	296,000	446,012	9,632	12,603
Texas	19,070	1,244,000	1,626,729	23,415	31,443
Utah	687	55,000	149,649	1,251	1,849
Vt.	406	36,000	20,422	991	501
Va.	1,860	75,000	104,650	1,880	2,445
Wash.	2,200	225,000	289,090	5,038	5,535
W. Va.	1,195	26,000	49,511	842	933
Wisc.	9,453	439,000	579,330	7,516	9,889
Wyo.	487	63,000	103,759	731	1,218
Reestablishment of unsuccessful practices and for contingencies				999	
Total	232,401	12,500,000	20,022,786	285,215	418,394

SOIL BANK PROGRAMS

ACREAGE RESERVE

Purpose Statement

The Soil Bank Act authorized an Acreage Reserve Program for 4 crop years from 1956 through 1959. Producers are compensated for reducing their acreages for basic commodities below farm acreage allotments.

The program assisted farmers to divert a portion of their cropland from the production of excessive supplies of agricultural commodities by compensating them for reducing their acreage below their basic crop allotments. The program applied to wheat, corn, cotton, rice, tobacco, and peanuts. Because of the favorable supply and marketing situation for peanuts, basic unit rates and acreage goals were not established after the 1956 program. The Soil Bank Act provides an annual program limitation of \$750 million. The Appropriation Act, 1958 provided, with respect to the 1958 crops, a program of not to exceed \$500 million. The Second Supplemental Appropriation Act, 1958, increased this limitation to \$750 million, the maximum amount provided in the Soil Bank Act.

The Appropriation Act, 1959, provides that there will be no program applicable to the 1959 crops. Liquidation activities will be carried out in the fiscal year 1960. This will involve handling of violations of agreements, adjustment of payments, claims, preparation of records of individual payments, and other liquidation activities.

	Appropriated, <u>1959</u>	Budget Estimate, <u>1960</u>
Appropriation	\$609,450,000	\$1,050,000

(b) Acreage Reserve

Appropriation Act, 1959	\$330,000,000
Supplemental Appropriation for 1959 (Supplemental Appropriation Act, 1959)	<u>279,450,000</u>
Base for 1960	<u>609,450,000</u>
Budget Estimate, 1960	<u>1,050,000</u>
Decrease (due to termination of the program with respect to the 1959 crops)	<u><u>-608,400,000</u></u>

PROJECT STATEMENT

Project	1958	1959 (estimated)	Decrease	1960 (estimated)
Acreage Reserve:				
a. Program pay-				
ments	\$487,534,315	\$590,453,550	-\$590,453,550(1)	- -
b. Operating				
expenses	34,651,068	18,996,450	-17,946,450(2)	\$1,050,000
Total,				
Acreage				
Reserve ..	522,185,383	609,450,000	-608,400,000	1,050,000
Unobligated				
balance	64,617	- -	- -	- -
Total pay costs				
(P.L. 85-462) ..	[124,891]	[338,442]	[-317,011]	[21,431]
Total available				
or estimate	522,250,000	609,450,000	-608,400,000	1,050,000
Transferred to				
Commodity Credit				
Corporation				
fund	78,000,000	- -		
Total appro-				
priation				
or esti-				
mate	600,250,000	609,450,000		

The following table outlines the estimated financial requirements for the 1956, 1957, and 1958 Acreage Reserve programs and shows the distribution of these requirements by fiscal years:

Estimated Requirements, Acreage Reserve, 1956,
1957, and 1958 Programs

	FISCAL YEAR			
	1957	1958	1959	1960
Program Payments:				
1956 program	\$248,175,261:	\$824,739:	- -	- -
1957 program	228,985,815:	381,014,185:	- -	- -
1958 program	- -	105,695,391:	\$590,453,550:	- -
Total, Program Payments	477,161,076:	487,534,315:	590,453,550:	- -
Operating expenses:				
Commodity Stabilization :				
Service	31,041,613:	34,595,068:	18,913,550:	1,000,000
Office of the General Counsel	37,137:	43,285:	69,500:	50,000
Office of Information ..	10,405:	12,715:	13,400:	- -
Total, operating expenses	31,089,155:	34,651,068:	18,996,450:	1,050,000
TOTAL, Acreage Reserve	508,250,231:	522,185,383:	609,450,000:	1,050,000

DECREASE

(1) A decrease of \$590,453,550 for acreage reserve program payments: As the Appropriation Act, 1959, provides that there will be no program applicable to the 1959 crops, the program payments for the fiscal year 1960 will decrease by an estimated \$590,453,550 below the amount estimated for such payments for the fiscal year 1959. Of the total program payments to be made under the 1958 program, \$105,695,391 was paid from funds made available for the fiscal year 1958 and the balance of \$590,453,550 is to be paid in the fiscal year 1959. No program payment funds are requested for the fiscal year 1960.

(2) A decrease of \$17,946,450 for operating expenses. With the elimination of the 1959 crop program, it is estimated that the operating expenses for fiscal 1960 will decrease by \$17,946,450 -- from \$18,996,450 in the fiscal year 1959 to \$1,050,000 in the fiscal year 1960. This amount is required to provide funds to liquidate the 1956, 1957, and 1958 crop programs by completing payments, processing appeals, violations, and adjustments, auditing program operations and payments, compiling reports and analyses and such other activities as are necessary for the orderly completion of a program.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

- 1 For necessary expenses to carry out [an] liquidation activities for the acreage reserve program conducted in accordance with the provisions of subtitles A and C of the Soil Bank Act (7 U.S.C. 1821-1824 and 1802-1814), [\$330,000,000: Provided, That not to exceed \$13,000,000 of the total sum provided under this head shall be available for administrative expenses:
- 2 Provided further, That no part of this appropriation shall be used to formulate and administer an acreage reserve program with respect to the 1959 crops] \$1,050,000.
- 3 [For an additional amount for "Acreage reserve program", \$279,450,000; and the limitation under this head in the Department of Agriculture and Farm Credit Administration Appropriation Act, 1959, on the amount available for administrative expenses, is increased from "\$13,000,000" to "\$19,050,000".]

The first change inserts language to provide for liquidation activities to be conducted for the acreage reserve programs. The acreage reserve program was terminated at the end of the 1958 crop year. However, it is anticipated that there will be considerable work in the fiscal year 1960, and possibly some work in future years, in connection with violations of agreements, adjustments in payments, claims, preparation of records of individual participation and payments, and other liquidation activities. The proposed language would provide funds in the fiscal year 1960 necessary for liquidation activities.

The second change deletes the remainder of the regular appropriation language, which will not be required for liquidation of the program.

The third change deletes the provision included in the Supplemental Appropriation Act, 1959 which increased the amounts available for the acreage reserve program on 1958 crops.

STATUS OF PROGRAM

Main Features of Program

1. Objective - The Acreage Reserve Program supplemented the acreage allotment and marketing quota programs in reducing the production of excessive supplies of agricultural commodities by assisting producers in diverting a portion of their acreage allotted for the production of basic crops, by compensating them for such diversions made for 1956, 1957, and 1958 crops.
2. Eligible commodities - The program applied to the six basic commodities, wheat, cotton, corn produced in the commercial corn-producing area, peanuts, rice, and most types of tobacco.
3. Participation - A producer who wished to participate in the program had to enter into a contract with the Secretary in which he agreed, among other things, (a) to reduce acreage of the commodity below the farm acreage allotment, (b) to specifically designate acreage withdrawn from production, which was placed in the acreage reserve, and not harvest any crop from, or graze, the acreage reserve unless the Secretary determined grazing was necessary, and (c) to restrict harvesting of small grains and row crops to acres that were not more than the number included in the "Soil Bank base", less any acreage placed in the Soil Bank Programs. The "Soil Bank base" is based on a two year history for the farm, and is generally all crops produced for harvest, except hay.
4. Manner and amount of compensation - Producers were compensated through the issuance of negotiable certificates which the Commodity Credit Corporation redeemed in cash, or at the option of the producer with respect to certificates issued for grains, in grains in lieu of cash. Compensation was determined by the Secretary at a rate which provided producers with a fair and reasonable return for reducing their acreages, taking into consideration the loss of production, any savings in cost resulting from not planting the acreage reserve, and the incentive necessary to achieve the reserve goal.

5. Duration - The Soil Bank Act provided that the program was applicable to 1956, 1957, 1958, and 1959 crops, but the Department proposed, and the Congress approved the termination of the program after the 1958 crop year.

6. Accomplishments - The program reduced the acreage planted to the basic commodities. The reduction achieved in the acreages of the basic crops is indicated below:

Commodity and Year	Number of Agreements	Approximate Reduction of Acreage	National Acreage Allotment	Percent of Acreage Allotment Reduced	Revised Estimated Payments under the Program
WHEAT					
1956	110,974	5,670,441	55,000,000	10.0	\$43,450,000
1957	233,004	12,783,192	55,000,000	23.2	229,853,000
1958	174,451	5,289,477	55,000,000	9.6	105,111,500
CORN					
1956	314,761	5,315,578	43,280,543	12.3	170,649,500
1957	323,686	5,233,478	37,288,889	14.0	194,416,000
1958	355,789	6,658,093	38,818,381	17.2	282,255,190
COTTON					
1956	95,669	1,121,151	17,391,304	6.4	26,465,000
1957	301,053	3,015,630	17,585,463	17.1	152,567,000
1958	444,618	4,925,957	17,554,528	28.1	270,207,669
RICE					
1956	1,117	28,162	1,652,596	1.7	1,325,000
1957	4,825	242,017	1,652,596	14.6	15,345,000
1958	5,580	174,198	1,652,596	10.5	11,941,731
TOBACCO					
1956	20,093	32,502	1,364,385	2.4	6,250,000
1957	51,828	79,701	1,171,482	6.8	17,819,000
1958	68,832	110,618	1,161,360	9.5	26,516,210
PEANUTS					
1956	5,310	44,000	1,650,342	2.7	585,000
1957	-	-	1,611,411	-	-
1958	-	-	1,612,388	-	-
Premiums paid on 1956 Program	-	-	-	-	275,500
TOTAL					
1956	547,924	12,211,834	120,339,170	10.22	249,000,000
1957	914,396	21,354,018	114,309,871	18.7	610,000,000
1958	1,049,270	17,158,343	115,799,253	14.8	696,032,300
GRAND TOTAL	2,511,590	50,724,195	350,448,294	14.5	\$1,555,032,300

7. Status of Program Payments

(a) 1956 and 1957 Programs - Payments under the 1956 and 1957 programs are completed except for controversial cases such as violations, appeals, etc. Also cases under P. L. 85-413, enacted May 16, 1958, permits payments to producers in certain hardship cases which formerly could not be paid where there were misunderstandings or if incorrect information was given by employees of the Department or ASC committees. Through September 1958, payments made under the 1956 program were \$248,322,874, and payments made under the 1957 program were \$609,029,506. Total payments estimated to be made are \$249 million under the 1956 program and \$610 million under the 1957 program. The following statements show the participation in the 1956 and 1957 programs:

1956 ACREAGE RESERVE PROGRAM
PARTICIPATION BY STATES -
ALL COMMODITIES

State	Agreements Filed	Acreage Offered	Maximum Compensation
Alabama	6,598	34,918	\$1,383,931
Arizona	182	2,950	285,113
Arkansas	3,863	28,505	1,191,046
California	858	26,615	966,717
Colorado	6,673	776,182	4,587,448
Connecticut	1,008	4,358	1,422,857
Delaware	457	7,757	345,084
Florida	1,622	6,126	352,394
Georgia	8,802	39,944	1,527,559
Idaho	962	34,542	766,568
Illinois	40,645	485,567	23,006,983
Indiana	22,835	258,720	11,146,778
Iowa	66,937	1,295,105	55,027,013
Kansas	19,779	1,051,308	8,164,152
Kentucky	23,086	231,656	7,117,399
Louisiana	3,973	31,650	1,712,648
Maryland	1,912	16,181	1,039,013
Massachusetts	706	2,382	788,787
Michigan	10,192	97,598	3,682,190
Minnesota	28,819	310,364	10,813,858
Mississippi	3,141	14,908	749,351
Missouri	26,706	355,319	10,343,238
Montana	3,480	201,202	1,714,910
Nebraska	53,834	1,523,516	32,991,401
Nevada	4	238	16,104
New Hampshire	-	-	-
New Jersey	535	7,558	346,981
New Mexico	2,013	188,570	1,291,341
New York	1,274	11,049	68,758
North Carolina	16,517	79,670	3,931,965
North Dakota	27,419	973,987	13,897,325
Ohio	17,476	179,404	8,232,769
Oklahoma	17,740	599,377	4,715,137
Oregon	395	9,614	177,684
Pennsylvania	1,641	17,867	665,970
South Carolina	5,545	21,449	913,471
South Dakota	29,693	1,095,740	14,350,225
Tennessee	9,891	71,348	2,080,482
Texas	67,458	1,983,147	23,906,790
Utah	722	23,596	267,322
Vermont	1	5	1,642
Virginia	3,107	8,672	660,141
Washington	303	8,670	199,734
West Virginia	72	373	18,899
Wisconsin	7,932	72,643	3,292,282
Wyoming	530	20,650	187,951
Puerto Rico	586	834	13,571
Total	547,924	12,211,834	260,362,982
Reduction in Es- timated payments	-	-	11,362,982
Grand Total	547,924	12,211,834	249,000,000

1957 ACREAGE RESERVE PROGRAM
PARTICIPATION BY STATES -
ALL COMMODITIES

State	Agreements Filed	Acreage Offered	Maximum Compensation
Alabama	49,089	323,995	\$16,931,677
Arizona	1,004	45,067	6,212,338
Arkansas	22,144	251,829	14,020,130
California	5,529	259,547	15,044,878
Colorado	7,468	1,320,439	22,220,374
Connecticut	1,133	4,986	1,616,486
Delaware	1,227	21,097	917,286
Florida	5,239	19,257	1,565,691
Georgia	48,577	382,148	19,226,894
Idaho	3,470	185,283	4,921,047
Illinois	28,716	431,722	19,410,221
Indiana	33,835	420,453	18,781,999
Iowa	37,647	774,858	34,388,196
Kansas	49,035	4,478,966	84,859,537
Kentucky	32,574	249,447	9,658,040
Louisiana	14,124	165,931	10,902,547
Maryland	4,136	43,046	2,278,340
Massachusetts	869	2,895	964,847
Michigan	28,146	310,137	12,279,497
Minnesota	22,607	376,909	12,083,634
Mississippi	34,428	265,002	17,978,530
Missouri	43,778	683,523	24,421,411
Montana	5,793	478,882	8,816,397
Nebraska	63,217	1,697,574	44,290,530
Nevada	7	1,104	76,037
New Hampshire	1	1	279
New Jersey	1,934	29,267	1,375,441
New Mexico	1,704	161,664	2,462,270
New York	7,756	93,558	3,417,454
North Carolina	60,621	298,731	17,842,584
North Dakota	25,431	1,334,522	21,217,352
Ohio	38,041	440,910	19,472,156
Oklahoma	32,946	1,289,558	22,356,020
Oregon	1,983	113,028	3,203,975
Pennsylvania	9,855	96,224	3,861,104
South Carolina	34,469	244,252	13,722,402
South Dakota	22,716	969,737	15,867,365
Tennessee	32,388	199,463	8,764,599
Texas	68,638	2,309,314	56,240,949
Utah	1,986	97,240	1,873,803
Vermont	1	6	2,099
Virginia	11,691	58,258	3,262,171
Washington	2,445	221,410	6,454,548
West Virginia	1,056	6,713	265,310
Wisconsin	14,227	155,294	7,620,268
Wyoming	715	40,771	689,857
Puerto Rico	-	-	-
Total	914,396	21,354,018	613,838,570
Reduction in Es- timated payments	-	-	3,838,570
Grand Total	914,396	21,354,018	610,000,000

(b) 1958 Program

The two major changes in the 1958 program provided for (a) establishment of a total acreage figure for specified crops for each farm, to be based primarily on past production history and known as the "Soil Bank base", with the requirement that total harvested acreage of the crops in 1958 be held below the "base" by the equivalent of the number of acres placed in the Soil Bank, and (b) a limit of \$3,000 on the total of 1958 Acreage Reserve payments which could be made to any one producer, as required by the provision in the 1958 Appropriation Act.

The Appropriation Act for fiscal year 1958 authorized a \$500 million program for the 1958 crops. On the basis of the winter wheat sign-up, it appeared that the amount authorized would be in excess of the requirements. Soon after the sign-up for spring planted crops started on January 13, it was apparent that the acreage offered, mainly for corn and cotton, was going to be in excess of the program authorizations. Sign-up was therefore suspended until program allocations could be issued to States and counties. When sign-up activities were resumed, agreements were accepted so long as the acreage offered was within the allocations. Producers who filed after the allocations were exhausted were placed on a register to be given consideration if and when an additional authorization became available. On March 28 the program authorization was increased by the Congress from \$500 million to \$750 million and agreements were accepted, requiring payments of \$696,032,300. There follows a statement showing participation in the 1958 program by States:

1958 ACREAGE RESERVE PROGRAM

PARTICIPATION BY STATES -

ALL COMMODITIES

State	Agreements Filed	Acreage Offered	Maximum Compensation
Alabama	81,450	654,884	\$ 35,628,536
Arizona	1,032	16,687	2,331,508
Arkansas	32,323	390,590	24,439,228
California	5,546	125,415	8,788,102
Colorado	3,524	319,438	4,959,180
Connecticut	1,235	5,200	1,827,110
Delaware	1,718	32,260	1,530,975
Florida	6,876	43,584	2,502,188
Georgia	70,679	668,600	36,061,573
Idaho	2,175	79,578	2,606,972
Illinois	32,402	654,611	32,004,422
Indiana	37,759	590,316	29,455,409
Iowa	39,340	1,030,900	50,145,465
Kansas	27,177	966,766	22,350,334
Kentucky	39,525	342,091	14,736,188
Louisiana	23,504	254,856	18,797,426
Maryland	5,245	65,052	3,818,686
Massachusetts	919	3,083	1,169,961
Michigan	28,748	360,446	15,746,011
Minnesota	27,215	544,939	20,990,410
Mississippi	58,671	476,886	35,427,602
Missouri	59,039	1,131,183	46,181,028
Montana	3,024	219,378	4,204,171
Nebraska	30,470	947,401	27,579,171
Nevada	2	52	5,132
New Hampshire	1	1	279
New Jersey	2,390	38,275	1,960,358
New Mexico	2,048	130,343	3,062,879
New York	5,734	75,426	2,824,478
North Carolina	79,778	436,258	29,757,198
North Dakota	12,447	702,720	11,436,406
Ohio	40,785	519,331	25,781,479
Oklahoma	36,897	1,010,143	22,636,541
Oregon	1,245	36,010	1,128,166
Pennsylvania	11,679	116,156	4,906,788
South Carolina	55,009	424,546	26,837,082
South Dakota	15,030	626,658	12,694,300
Tennessee	48,012	341,541	18,200,272
Texas	85,119	2,369,847	72,399,597
Utah	1,338	55,052	1,110,211
Vermont	1	6	2,081
Virginia	13,645	77,477	4,840,891
Washington	1,029	35,383	1,174,823
West Virginia	1,028	4,982	259,403
Wisconsin	15,885	203,540	11,144,421
Wyoming	572	30,452	587,859
TOTAL	1,049,270	17,158,343	\$696,032,300



COMMODITY STABILIZATION SERVICE

Summary of Appropriations, 1959, and Estimates, 1960^{a/}

Appropriation Item	:	:	Budget	:
	:	Appropriated,	Estimates,	Decrease (-)
	:	1959	1960	:
Acreage allotments and market-	:	:	:	:
ing quotas	:	\$39,715,000	\$39,135,000	-\$580,000
Sugar Act program	:	76,000,000	71,500,000	-4,500,000
Total direct annual appropria-	:	:	:	:
tions or estimates	:	115,715,000	110,635,000	-5,080,000

^{a/} Excludes administrative expense authorization for Commodity Credit Corporation.



ACREAGE ALLOTMENTS AND MARKETING QUOTAS

Purpose Statement

This appropriation provides funds to carry out acreage allotment and marketing quota programs authorized by Title III of the Agricultural Adjustment Act of 1938, as amended. These programs are designed to keep the production and marketing of basic commodities in line with demand in order to give each farmer a fair share of the available market and the total production.

The national acreage allotment (in the case of wheat the allotment for commercial producing area) is set at a level which, based upon normal or average yield, will result in ample production for domestic consumption, exports, and adequate reserves. The total acreage is divided among States or counties on the basis of production history for a specified number of years preceding the year for which the allotment is determined, with adjustments for production trends, abnormal weather and production conditions, previous allotments, and other factors.

State or county allotments are apportioned through local committees among eligible farms. Acreage allotments, unless implemented by marketing quotas, do not constitute an enforced limitation on production. However, when acreage allotments are in effect for any basic commodity, compliance therewith is a condition of eligibility for price support.

Marketing quotas must be proclaimed for tobacco when the total supply exceeds the reserve supply level, or if quotas were proclaimed for the kind of tobacco in the immediately preceding year unless quotas have been disapproved in three successive years subsequent to 1952. In this event a national marketing quota would not be proclaimed for any marketing year within the three-year period for which quotas were disapproved, unless prior to November 10 of the marketing year, one-fourth or more of the farmers petition the Secretary to proclaim a national marketing quota for each of the next three succeeding marketing years. Marketing quotas must be proclaimed for peanuts each calendar year regardless of the supply situation; for upland cotton when the total supply exceeds the normal supply; for extra long staple cotton when the total supply exceeds the normal supply by more than 8%; and for wheat and rice when the total supply exceeds the normal supply by 20 and 10%, respectively. In a referendum held November 25, 1958, 71.1% of the farmers voting favored elimination of corn acreage allotments beginning with the 1959 crop.

Quotas do not become effective unless at least two-thirds of eligible farmers voting in a referendum approve quotas. Quotas may be increased or suspended under certain demand and supply conditions, in the interest of consumers, or in national emergencies.

	Estimated Available, <u>1959</u>	Budget Estimate, <u>1960</u>
Appropriation	\$39,715,000	\$39,135,000



(a) Acreage Allotments and Marketing Quotas

Appropriation Act, 1959, and base for 1960	\$39,715,000
Budget Estimate, 1960	39,135,000
Decrease	<u>-580,000</u>

SUMMARY OF INCREASES AND DECREASES, 1960

Decrease due to termination of corn acreage allotments	-3,315,000
Increase to provide for adjusting salaries of ASC county office personnel effective July 1, 1959	+2,735,000

PROJECT STATEMENT

Project	1958	1959 (estimated)	Decrease	1960 (estimated)
Acreage allotments and marketing quotas	\$40,805,656	\$39,715,000	-\$580,000(1)	\$39,135,000
Unobligated balance	20,753	- -	- -	- -
Total pay costs (P.L. 85-462)	[224,212]	[529,100]	- -	[529,100]
Total available or estimate	40,826,409	39,715,000	-580,000	39,135,000
Transferred from "Conservation reserve, soil bank programs, Agriculture"	-111,409	- -		
Total appropriation or estimate	40,715,000	39,715,000		

BASIS OF ESTIMATE

No provision has been made for additional funds required in either 1959 or 1960 to cover the cost of increased workload, including performance checking on cotton, resulting from enactment of the Agricultural Act of 1958.

The Agricultural Act of 1958 provides that for each of the 1959 and 1960 crops of Upland cotton the Secretary increase regular farm acreage allotments by a percentage determined by him but not to exceed 40%. For the 1959 crop an increase of the full 40% has been announced.

Since farmers have approved Upland cotton marketing quotas, each farm operator who has an Upland acreage allotment will have the following choice in 1959 between two programs - Choice A and Choice B:

Choice A. He may elect to comply with the regular allotment established for his farm in which case his crop will be eligible for the full level of price support available for the crop.

Choice B. He may increase his acreage by not more than 40% over his regular allotment in which case his crop will be eligible for price support at a level 15% of parity less than the level available under Choice A.

The Agricultural Act of 1958 requires that the price support levels for the 1959-crop of Upland cotton be announced not later than January 31, 1959. Forms will be mailed to farm operators early in February on which they are to indicate their choice. The final closing date for filing such forms with the ASC county committees is March 16, 1959. The number of farmers electing Choice B will not be known until some time the latter part of March when the applications have been summarized in the ASC county offices. Until the choice of individual farmers is known, it will not be possible to accurately forecast the need for additional funds in 1959.

If the supply situation is such that it will be necessary to proclaim quotas for the 1960 crop of Upland cotton, such proclamation will be made not later than October 15, 1959. The farmers will again have a choice between A and B plans, if they approve marketing quotas, but the precise percentage by which farmers may exceed their allotment will not be determined by the Secretary until after that time.

INCREASES AND DECREASES

(1) A net decrease of \$580,000 consisting of:

- (a) A decrease of \$3,315,000 which eliminates all funds for the corn allotment program except \$100,000 for liquidation purposes. In a referendum held November 25, 1958, pursuant to the Agricultural Act of 1958, farmers in the 1958 commercial corn-producing area voted to eliminate corn acreage allotments beginning with the 1959 crop.

The \$100,000 for liquidation of corn acreage allotment programs, will be used primarily at the county level to review records and statistical data on the program and to screen, preserve and place in appropriate locations, essential data so that it will be readily available for use if needed in the future.

- (b) An increase of \$2,735,000 to raise the salaries of Agricultural Stabilization and Conservation county committee employees by about 10%. Through administrative actions, the salaries of Agricultural Stabilization and Conservation county committee employees have been increased by an average of about 16% for all such employees in the past two fiscal years, 1957 and 1958. These increases resulted from the new classification and pay plan, which established salary rates commensurate with the difficulty and responsibility of each ASC county office job. Many salaries were raised, but some jobs were assigned lower pay rates.

To develop the plan a thorough study was made of "locally competitive" jobs, inside and outside of the Federal service at the county level. This study clearly indicated that jobs in the Federal service provided the most valid basis for comparison for establishing pay rates for ASC county committee employees. The rates established were therefore similar to those in the Federal salary rate structure.

A comparison of the salary schedule for ASC office managers, office employees, and full-time field employees with Federal salary rates for approximately comparable General Schedule grades is shown below:

County Office and County Office Field	: Nearest : Comparable:	Federal Rates	: Percent : Federal	Federal Rates	: Percent : Federal
: GS	: Before	: Rates were:	: After	: Rates are	
: Grade	: P.L. 85-462:	: of ASC	: P.L. 85-462:	: of ASC	
Grades : (1st Step)	: b/	: (1st Step):	Rates	: (1st Step) :	Rates
1 : \$2,325	: 1	: \$2,690	: 116	: \$2,960	: 127
2 : 2,550	: 1	: 2,690	: 105	: 2,960	: 116
3 : 2,775	: 3	: 3,175	: 114	: 3,495	: 126
4 : 3,000	: 4	: 3,415	: 114	: 3,755	: 125
5 : 3,225	: 5	: 3,670	: 114	: 4,040	: 125
6 : 3,450	: 5	: 3,670	: 106	: 4,040	: 117
7a/ : 3,700	: 5	: 3,670	: 99	: 4,040	: 109
8 : 4,500	: 7	: 4,525	: 101	: 4,980	: 111
9 : 5,400	: 9	: 5,440	: 101	: 5,985	: 111
10 : 6,400	: 11	: 6,390	: 100	: 7,030	: 110
:	:	:	:	:	:

a/ Lowest rate for office managers.

b/ In connection with any use of figures in the column headed Nearest Comparable General Schedule Grade, it should be understood that in fact, CO (County Office) grades do not compare grade for grade with GS grades. Therefore, the GS grade listed means that most duties classified in the analogous CO grades would be appropriate in the GS grades indicated.

The table indicates that prior to the enactment of Public Law 85-462 the salaries of the six lowest grades for ASC county committee employees were 6 to 16% below the salary rates of the Federal General Schedule grades for comparable work. Salaries in the four highest grades were about equal to the comparable Federal grades. After the enactment of P.L. 85-462 the ASC county rates were from 9 to 27% lower than the Federal salary rates for comparable work.

Since the ASC county committee employees' salaries are again in the same relative position with Federal salary rates as they were prior to the reclassification and pay increase of the last two years, it is proposed that they be given an average increase of 10% effective July 1, 1959 to restore them to a measure of comparability of pay for comparable work. After a 10% increase, the salaries of the six lowest ASC grades would still be from 6 to 16% below the salaries of the comparable Federal grades. The salaries of the top four ASC grades would approximately equal the salaries of comparable Federal grades.

After effecting the 10% increase in fiscal year 1960, it is planned to continue, on a gradual basis, making further adjustments in basic salaries of the ASC county committee employees within funds available with the objective of eventually putting them fully on a comparable basis with Federal employees in the same area.

The cost in fiscal year 1960 of an average increase of 10% in the salaries of the ASC county committee employees is estimated to be \$8,179,000, including the additional Federal Insurance Contributions Act contributions of the ASC county committees. The share of each appropriation which ordinarily contributes to Local Administration, Section 388, Agricultural Adjustment Act of 1938, Agriculture, the appropriation account from which the ASC county committee expenses are paid is shown below:

Acreage Allotments and Marketing Quotas	\$2,735,000	
Acreage Reserve Program	<u>55,000</u>	\$2,790,000
Agricultural Conservation Program	1,540,000	
Sugar Act Program	61,000	
Conservation Reserve Program	<u>1,085,000</u>	2,686,000
Great Plains Conservation Program	11,000	
Service Charges to Producers	516,000	
Commodity Credit Corporation funds	2,173,000	
Removal of Surplus Agricultural Commodities	<u>3,000</u>	2,703,000
		<u>8,179,000</u>

These shares are based on the estimated requirements under each fund for the fiscal year 1960, exclusive of the cost of the pay increases. The actual costs could vary considerably if the actual workloads in the fiscal year 1960 differed from those now estimated.

Only \$2,790,000 of the total requirements will need to be supplied by additional appropriations: \$2,735,000 under the acreage allotment and marketing quota program, and \$55,000 under the acreage reserve program. Increases in operating expense limitations totaling \$2,686,000 will be required under the agricultural conservation, sugar, and conservation reserve programs. The remainder of \$2,703,000 can be financed without further Congressional action.

Additional funds amounting to about \$3,568,520 were appropriated for the fiscal year 1957 for pay increases and some \$5,796,848 additional was estimated to be available from appropriations or funds which would reimburse Local Administration, Section 388, on an actual expense basis. Thus total funds estimated to be available in the fiscal year 1957 for pay increases were \$9,365,368. The annual cost of the salary increases incorporated in the reclassification and pay plan established in the past two years is estimated at \$14,000,000. The difference of \$4,634,632 was absorbed in the fiscal year 1958 by improved methods of operation.

The ending of the Acreage Reserve Program and acreage allotments on corn with the 1958 crops will increase the burden for overhead on the programs remaining in operation in 1960. It will also be necessary to continue to absorb increases in salaries of county and community committeemen, rents, utility costs and rates of mileage and per diem in lieu of subsistence. Therefore, it will be impossible to accomplish additional savings to offset any part of the cost of the proposed salary increase.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses to formulate and carry out acreage allotment and marketing quota programs pursuant to provisions of title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393), [~~\$39,715,000~~] \$39,135,000, of which not more than [~~\$6,380,100~~] \$6,886,300 shall be transferred to the appropriation account "Administrative expenses, section 392, Agricultural Adjustment Act of 1938".

The proposed change increases the amount which may be transferred to "Administrative expenses, section 392, Agricultural Adjustment Act of 1938", by \$506,200, composed of an increase of \$492,700 for increased pay costs and \$13,500 due to adjustments in postal rates.

STATUS OF PROGRAM

Acreage allotment and marketing quota programs are in effect for the 1959 crops of flue-cured tobacco, peanuts, wheat, cotton, and rice. Quotas for the 1959-crops of other kinds of quota tobaccos will be proclaimed not later than February 1, 1959.

The Agricultural Act of 1958, P. L. 85-835, approved August 28, 1958, amends the provisions of the Agricultural Adjustment Act of 1938, as amended, relating to cotton acreage allotments and marketing quotas and corn acreage allotments.

With respect to the 1959 and 1960 crops of cotton the Secretary is authorized and directed to offer the operator of each farm for which an allotment is established under section 344 of the Agricultural Act of 1938, as amended, a choice of (A) the farm acreage allotment determined pursuant to such section and price support determined pursuant to section 101 of the Agricultural Act of 1949 or (B) the farm acreage allotment determined pursuant to section 344 of the Agricultural Adjustment Act of 1938, as amended, increased to by not to exceed 40% and price support at a level which is 15% of parity below the level of support established for producers who elect choice A.

With respect to corn the Agricultural Act of 1958 provides that not later than December 15, 1958, the Secretary shall conduct a referendum of producers of corn in 1958 in the commercial corn-producing area for 1958 to determine whether such producers favor a price support program under such Act for the 1959 and subsequent crops in lieu of acreage allotments as provided in the Agricultural Adjustment Act of 1938, as amended, and price support as provided in section 101 of the Agricultural Act of 1949, as amended.

In a referendum held November 25, 1958 a majority of the producers voted in favor of price support under the Agricultural Act of 1958. Corn acreage allotments and a commercial corn-producing area therefore will not be established for the 1959 and subsequent crops.

TOBACCO ACREAGE ALLOTMENTS AND MARKETING QUOTAS (953 counties)

The marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended, treat each kind of tobacco as if it were a separate commodity. Quotas must be proclaimed (not later than December 1 of any marketing year with respect to flue-cured tobacco and February 1 with respect to other kinds of tobacco) whenever the total supply at the beginning of the marketing year exceeds the reserve supply level. Regardless of the supply situation, however, a quota must be proclaimed for each kind of tobacco for which a quota was proclaimed in the preceding year and for Virginia sun-cured tobacco for each marketing year for which a quota is proclaimed for fire-cured tobacco.

However, a quota may not be proclaimed for any year within a 3-year period for which quotas have been disapproved if producers have disapproved quotas for 3 years in succession after 1952, unless one-fourth or more of the farmers engaged in producing such tobacco prior to November 10, petition the Secretary of Agriculture to proclaim a quota.

The marketing quota proclamation specifies in pounds of tobacco the quantity which may be marketed during the next following marketing year. It is an amount which will make available for marketing during that year, a supply equal to the reserve supply level. The poundage quotas are converted to acreage allotments on the basis of average yields during the five calendar years immediately preceding the calendar year in which the quotas are proclaimed. Quotas proclaimed for 1957 and 1958 are as follows:

<u>Kind of Tobacco</u>	<u>Number of Pounds</u>		<u>Approx. No. of Acres</u>	
	<u>1957</u>	<u>1958</u>	<u>1957</u>	<u>1958</u>
	(1,000 lbs.)			
Flue-cured	932,200	978,400	712,600	713,500
Burley	446,400	476,000	309,300	309,600
Fire-cured	56,000	44,200	45,200	32,700
Dark air-cured	23,400	22,100	17,600	15,800
Virginia sun-cured	5,072	4,910	5,400	5,400
Cigar filler and binder (types 42-44, 53-55)	34,600	31,500	23,000	23,900
Cigar binder (types 51 and 52)	23,200	21,300	13,500	12,100
Southern Maryland	40,100	40,100	48,200	48,400

On November 26, 1958, a national marketing quota of 1,014 million pounds was proclaimed for the 1959 crop of flue-cured tobacco. This quota results in 714,327 acres available for allotment in 1959.

Referendum--Within 30 days after issuance of proclamation of quotas, a referendum must be held. Farmers vote for quotas for three years and quotas become effective only if approved by at least two-thirds of the farmers voting. Referendums will be held in January or February 1959 on burley, Virginia sun-cured, Southern Maryland, and Pennsylvania filler tobaccos to determine whether farmers favor quotas for three marketing years beginning with 1959. In a referendum held December 15, 1958, preliminary returns indicate that 95.4 percent of the farmers voting favored quotas for flue-cured tobacco for three marketing years beginning with 1959.

Number of Allotment Farms and Acreage Allotted, 1957 and 1958 Crops

State and Kind of Tobacco	1957 Crop		1958 Crop	
	Estimated		Estimated	
	Number of Farms	Acreage Allotted	Number of Farms	Acreage Allotted
<u>Flue-cured:</u>				
Alabama	292	500	292	501
Florida	6,821	15,112	6,821	15,127
Georgia	28,444	72,150	28,444	72,228
North Carolina	124,090	469,311	124,090	469,821
South Carolina	27,074	82,549	27,074	82,639
Virginia	23,874	71,291	23,874	71,368
New Farms	--	--	--	1,784
Total	210,595	710,913	210,595	713,468
<u>Burley:</u>				
Alabama	35	30	35	30
Arkansas	75	53	75	53
Georgia	205	86	205	86
Illinois	13	6	13	5
Indiana	9,682	7,736	9,682	7,743
Kansas	52	91	52	91
Kentucky	146,616	200,275	146,616	200,429
Missouri	1,666	3,188	1,666	3,190
North Carolina	17,794	10,121	17,794	10,129
Ohio	11,348	9,960	11,348	9,964
Pennsylvania	2	2	2	2
South Carolina	9	4	9	4
Tennessee	92,186	63,244	92,186	63,290
Texas	2	1	2	1
Virginia	17,192	10,980	17,192	10,988
West Virginia	4,562	2,844	4,562	2,846
New Farms	--	--	--	744
Total	301,439	308,621	301,439	309,625

State and Kind of Tobacco	1957 Crop		1958 Crop a/	
	Estimated		Estimated	
	Number of Farms	Acreage Allotted	Number of Farms	Acreage Allotted
Fire-cured:				
Illinois	1	1	1	1
Kentucky	8,819	17,061	8,819	15,352
Tennessee	8,578	19,221	8,578	17,296
Virginia	7,349	8,746	7,349	—
New Farms	—	—	—	82
Total	24,747	45,029	24,747	32,731
Fire-cured (Type 21) b/				
Virginia	—	—	7,350	7,880
New Farms	—	—	—	20
Total	—	—	7,350	7,900
Air-cured:				
Indiana	111	51	111	46
Kentucky	19,421	14,932	19,421	13,450
Tennessee	4,748	2,518	4,748	2,268
New Farms	—	—	—	39
Total	24,280	17,501	24,280	15,803
Sun-cured:				
Virginia	4,086	5,383	4,086	5,388
New Farms	—	—	—	14
Total	4,086	5,383	4,086	5,402
Cigar filler and binder: (Types 42-44, 53-55)				
Illinois	3	7	3	7
Indiana	2	1	2	1
Iowa	1	8	1	8
Minnesota	117	234	117	242
New York	72	96	72	99
Ohio	1,419	4,911	1,419	5,074
Pennsylvania	120	247	120	255
Wisconsin	6,444	17,394	6,444	17,971
New Farms	—	—	—	239
Total	8,178	22,898	8,178	23,896
Cigar binder: (Types 51, 52)				
Connecticut	1,395	8,640	1,395	7,841
Massachusetts	982	4,495	982	4,095
New Hampshire	1	1	1	1
New York	1	1	1	1
Vermont	1	6	1	5
New Farms	—	—	—	121
Total	2,380	13,143	2,380	12,064

a/ Types 22, 23, 24

b/ Separated for the first time in 1958 pursuant to Public Law 85-92

State and Kind of Tobacco	1957 Crop		1958 Crop	
	Estimated		Estimated	
	Number of Farms	Acreage Allotted	Number of Farms	Acreage Allotted
Southern Maryland:				
Maryland	6,902	47,960	6,902	48,277
Delaware	1	1	1	1
Virginia	91	33	91	33
New Farms		—	—	60
Total	6,994	47,994	6,994	48,371

The amount of the national quota, less that portion set aside for "new farms" and small farms is apportioned among the States on the basis of the production in each State during the five calendar years preceding the calendar year in which the quota is proclaimed. Adjustments in State production data must be made to the extent necessary to make correction for abnormal conditions of production, for small farms, and for trends in production, giving due consideration to seed bed and other plant diseases.

The Secretary is authorized to convert the State poundage quota into a State acreage allotment on the basis of average yield per acre of tobacco in the State during the five years preceding the year in which the quota is proclaimed with appropriate adjustments for abnormal conditions of production.

Where the State quota is converted to a State acreage allotment, farm acreage allotments are established on the basis of past acreage, adjusted for abnormal weather and plant diseases, land, labor, and equipment available for production of tobacco; crop-rotation practices and the soil and other physical factors affecting the production of tobacco. Local committees allot the acreage among the farms on which tobacco is produced. Where farm acreage allotments are established, the farm quota is the actual production of tobacco from the farm acreage allotment.

Tobacco marketed in excess of the farm marketing quota is subject to a penalty per pound of 75 percent of the average market price for such kind of tobacco for the preceding marketing year.

Whenever the Secretary determines that, under the marketing quotas and acreage allotments established for any kind of tobacco, the production of any one or more of the types comprising such kind of tobacco will not be sufficient to meet market demands and carryover requirements for such type or types of tobacco, the Secretary must make appropriate increases. The increases are made on the basis of production of such type or types of tobacco during the same period of years considered in establishing farm marketing quotas and acreage allotments for the kind of tobacco involved.

PEANUT ACREAGE ALLOTMENTS AND MARKETING QUOTAS (496 counties)

Quotas must be proclaimed each calendar year between July 1 and December 1 of each year regardless of the supply situation. The national marketing quota must be equal to the average quantity of peanuts harvested for nuts during the five years immediately preceding the year in which the quota is proclaimed, adjusted for current trends and prospective demand conditions.

A national marketing quota for the 1959 crop of peanuts of 886,000 tons and a national acreage allotment of 1,610,000 acres were announced. Both the marketing quota and the national acreage allotment for the 1959 crop are at the minimum levels permitted by law.

A referendum must be held not later than December 15 to determine whether farmers are in favor of or opposed to marketing quotas with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held. In a referendum held December 11, 1956, approximately 94 percent of the farmers voting approved marketing quotas for three marketing years beginning with the 1957 marketing year.

Estimated Number of Allotment Farms and
Acreage Allotted, 1958 and 1959 Crops

<u>State</u>	<u>Est. Number of Allotment Farms</u>	<u>1958 Acreage Allotment</u>	<u>1959 Acreage Allotment</u>
Alabama	18,528	218,911.7	218,442
Arizona	46	719.4	718
Arkansas	385	4,233.4	4,227
California	45	942.6	941
Florida	6,259	55,315.5	55,079
Georgia	31,714	527,844.1	526,969
Louisiana	67	1,969.2	1,966
Mississippi	97	7,579.4	7,568
Missouri	1	247.1	247
New Mexico	438	6,702.9	4,922
North Carolina	18,199	169,378.8	169,118
Oklahoma	12,904	138,227.5	137,964
South Carolina	1,246	13,863.8	13,803
Tennessee	524	3,900.8	3,601
Texas	19,194	356,661.0	356,032
Virginia	8,867	105,884.8	105,720
Reserve for new farms	-	6.0	2,683
Total	118,514	1,612,388.0 <u>a/</u>	1,610,000

a/ Includes an increase for Valencia type peanuts of 2,388 acres (announced April 11, 1958)

The national marketing quota must be converted to a national acreage allotment by dividing the quota by the normal yield per acre of peanuts for the United States determined on the basis of the average yield per acre in the preceding five calendar years with necessary adjustments for trends in yields and for abnormal conditions of production.

The national acreage allotment less the acreage set aside for "new" farms is apportioned among the States on the basis of the State's share of the national acreage allotment for the preceding year.

The State acreage allotment is apportioned through local committees among farms on the basis of past acreage of peanuts, taking into consideration previous allotments, abnormal conditions, land, labor and equipment available for the production of peanuts, crop-rotation practices, and soil and other physical factors affecting the production of peanuts.

Whenever the Secretary determines that, on the basis of average yields per acre by types, adjusted for trends and abnormal conditions, the supply of any type or types is insufficient to meet the demand for cleaning and shelling purposes at which the Commodity Credit Corporation may sell its stocks of such peanuts, the Secretary is required to make appropriate increases in State acreage allotments. No State, however, may be increased above the acreage harvested in the State in 1947.

The amount of the farm marketing quota is the actual production of the farm acreage allotment.

The marketing of peanuts in excess of the farm marketing quota, or the marketing of peanuts from any farm for which no acreage allotment was determined, is subject to a penalty at a rate equal to 75 percent of the support price for peanuts for the marketing year beginning in the calendar year in which such peanuts are produced.

Quotas are not applicable to any farm on which the acreage of peanuts harvested for nuts is one acre or less.

WHEAT ACREAGE ALLOTMENTS AND MARKETING QUOTAS (2,529 counties)

Quotas must be proclaimed not later than May 15 of any calendar year whenever the total supply for the marketing year beginning in such calendar year exceeds normal supply by more than 20 percent or the total supply is not less than normal supply and the average farm price for three successive months does not exceed 66 percent of parity.

On March 21, 1958, marketing quotas were proclaimed for the 1959 crop of wheat based upon the following determination of normal supply for the 1959 crop and the marketing quota position as indicated by the supply percentage.

<u>Normal Supply and Marketing Quota Level</u>	<u>Million bushels (adj.)</u>
1. Domestic consumption, 1957-58 (adjusted) ..	620 a/
2. Exports, 1958-59	450
3. Total (item 1 + item 2)	1,070
4. Allowance for carryover (20% of item 3) ...	214
5. Normal supply (item 3 + item 4)	1,284
6. Marketing quota level (120% of item 5)	1,541

Total supply and supply percentage

7. Estimated carryover, July 1, 1958	870
8. Estimated production, 1958	1,140
9. Estimated imports, marketing year 1957-58 .	7
10. Total supply (item 7 + item 8 + item 9) ...	2,017
11. Supply percentage (item 10 ÷ item 5)	157.1%

a/ Adjusted to provide a more normal amount of wheat for domestic use.

<u>Determination of National Wheat Acreage Allotment</u>	<u>Million Bushels</u>
1. Normal year's domestic consumption	624
2. Normal year's exports	387
3. Total (item 1 + item 2)	1,011
4. 30% of normal year's domestic consumption and exports	303
5. Normal year's domestic consumption and exports plus 30% (item 3 + item 4)	1,314
6. Indicated carryover, July 1, 1959	965
7. Estimated imports, marketing year 1959-60	7
8. Total (item 6 + item 7)	972
9. Production needed in 1959 (item 5 - item 8) ..	342
10. National average yield per planted acre	16.0 bu.
11. Indicated national acreage allotment	21,375,000 acres
12. Minimum national acreage allotment (established by law)	55,000,000 acres

State acreage allotments which are based on wheat acreages for the past ten years with adjustments for planting trends, weather, and other factors were announced on March 21.

<u>State</u>	<u>1958 Allotment</u> (acres)	<u>1959 Allotment</u> (acres)
Alabama	23,240*	30,138
Arkansas	49,334	53,232
California	445,004	434,441
Colorado	2,704,917	2,695,718
Delaware	35,439	35,814
Georgia	107,591	110,513
Idaho	1,152,744	1,161,686
Illinois	1,386,663	1,422,658
Indiana	1,137,045	1,156,565
Iowa	138,175	153,900
Kansas	10,638,208	10,573,510
Kentucky	208,652	216,924
Maryland	185,390	185,359
Michigan	965,008	981,724
Minnesota	729,866	718,733
Mississippi	16,256*	29,440
Missouri	1,273,623	1,330,083
Montana	4,058,327	4,033,335
Nebraska	3,228,377	3,204,664
New Jersey	53,345	53,534
New Mexico	474,243	476,822
New York	315,570	322,145
North Carolina	282,796	296,356
North Dakota	7,309,992	7,259,722
Ohio	1,553,180	1,559,396
Oklahoma	4,859,635	4,874,312
Oregon	816,443	821,771
Pennsylvania	587,517	582,204
South Carolina	132,719	139,266
South Dakota	2,736,196	2,718,228
Tennessee	195,644	198,181
Texas	4,164,302	4,099,094
Utah	316,068	313,544
Virginia	259,436	259,999
Washington	2,014,392	2,002,740
West Virginia	40,393	39,874
Wisconsin	48,875	51,603
Wyoming	291,578	289,527
<hr/>		
Total commercial area	54,896,687	54,886,755
Total noncommercial area	86,813	58,245
National Reserve	16,500	55,000
<hr/>		
Total	55,000,000	55,000,000

* Not in commercial area in 1958.

A referendum must be held between the date of the issuance of the proclamation of the national marketing quota and July 25 to determine whether farmers favor or oppose such quota. In a referendum held June 20, 1958 84.1 percent of the farmers voting favored marketing quotas on the 1959 crop of wheat.

The national acreage allotment (less a reserve of not to exceed one percent thereof) is apportioned among States on the basis of the acreage seeded for the production of wheat during the 10 calendar years immediately preceding the calendar year in which the national acreage allotment is determined with adjustments for abnormal weather conditions and for trends in acreage.

The State acreage allotment, less a reserve of not to exceed 3 percent thereof, is apportioned among the counties on the basis of the acreage seeded for the production of wheat during the ten calendar years immediately preceding the calendar year in which the national acreage allotment is determined with adjustments for abnormal weather conditions and trends in acreage during such period and for the promotion of soil conservation practices.

The allotment to the county is apportioned, through local committees, among farms on the basis of past acreage of wheat tillable acres, crop-rotation practices, type of soil, and topography. Not more than 3 percent of the county allotment must be apportioned to farms on which wheat has not been planted during any of the three marketing years preceding the marketing year in which the allotment is made.

The farm marketing quota is the actual production from the acreage planted to wheat on the farm less the farm marketing excess. The farm marketing excess is the normal yield times the excess acres but it may not exceed the difference between the actual production on the farm less normal production of the acreage allotment. The rate of penalty on wheat is 45 percent of the parity price per bushel on wheat as of May 1 of the calendar year in which the crop is harvested. The penalty may be avoided by (1) storing farm marketing excess in accordance with regulations established by the Secretary or (2) delivering such excess to the Secretary for his disposal. The farm marketing excess is subject to penalty even though it is used on the farm.

A wheat marketing quota is not applicable to any farm on which the acreage planted to wheat does not exceed 15 acres or the normal production of the acreage planted to wheat of the current crop is less than 200 bushels. Recently enacted legislation (Public Law 85-203) permits farmers whose acreage allotment is less than 30 acres to grow up to 30 acres of wheat without being liable for marketing quota penalties for use exclusively on the farm where produced. If, for any marketing year, the acreage allotment for wheat for any State is 25,000 acres or less, the Secretary may designate such State as outside the commercial wheat-producing area for such marketing year.

COTTON ACREAGE ALLOTMENTS AND MARKETING QUOTAS (1,090 counties)

A national marketing quota must be proclaimed not later than October 15 whenever, during any calendar year it is determined that the total supply exceeds the normal supply for Upland cotton and for extra long staple cotton, whenever the total supply exceeds normal supply by more than 8 percent.

Upland Cotton. On September 29, 1958, a national marketing quota of 12,167,000 bales and a national acreage allotment of 16,000,000 acres were announced. The Agricultural Act of 1958 approved August 28, 1958, provides that beginning with the 1959 crop, the national marketing quota shall not be less than the number of bales required to provide an acreage allotment of 16,000,000 acres.

The Act also provides that with respect to upland cotton the Secretary shall give producers a choice of (1) Plan A -- planting within his acreage allotment and receiving price support determined under section 101 of the Agricultural Act of 1949, as amended, or (2) Plan B -- increasing his acreage by not to exceed 40% as determined by the Secretary and receiving price support at 15 parity points below the level under Plan A.

On December 15, 1958, cotton farmers voted for quotas on the 1959 crop of Upland cotton. The level of price support for the crop will be determined about January 31, 1959, and soon thereafter each farm operator will be notified of the price support available on Plan A and Plan B forms. Farmers will also be notified that they must register their choices at the ASC County office not later than March 16, 1959.

<u>Total supply, 1958-59 marketing year</u>	<u>Bales</u>
1. Carryover, August 1, 1958	8,405,000
2. Indicated production, 1958	11,904,000 <u>a/</u>
3. Estimated imports	60,000
4. Total (item 1 + item 2 + item 3)	<u>20,369,000</u> <u>b/</u>

a/ September crop estimate.

b/ Excludes current crop ginnings prior to August 1.

<u>Normal supply, 1958-59 marketing year</u>	<u>Bales</u>
5. Domestic consumption, 1958	7,800,000
6. Estimated exports	4,500,000
7. Total (item 5 + item 6)	<u>12,300,000</u>
8. Allowance for carryover (30% of item 7)	3,690,000
9. Total (item 7 + item 8)	<u>15,990,000</u>
10. Supply percentage (item 4 ÷ item 9)	127.4%

State acreage allotments were announced.

Cotton Acreage Allotted, 1958 Compared with 1959 Crop

<u>State</u>	<u>1958 Crop Acreage Allotted</u>	<u>1959 Crop Acreage Allotted</u>
Alabama	1,035,463	985,191
Arizona	367,572	330,835
Arkansas	1,411,984	1,339,171
California	812,487	733,618
Florida	38,662	37,380
Georgia	905,387	850,600
Illinois	3,171	3,143
Kansas	24	26
Kentucky	7,775	7,552
Louisiana	609,922	578,579
Maryland	15	15
Mississippi	1,660,110	1,570,967
Missouri	377,819	357,796
Nevada	3,343	3,343
New Mexico	184,247	171,380
North Carolina	494,083	470,315
Oklahoma	827,162	752,784
South Carolina	739,957	698,238
Tennessee	582,523	554,635
Texas	7,474,661	6,846,757
Virginia	18,161	17,675
Total	<u>17,554,528</u> a/	<u>16,310,000</u>

a/ Includes additional acreage required so that State allotment will equal 99 percent of prior years allotment and also allocation to the State from the national reserve to provide minimum farm allotments pursuant to the provisions of the Agricultural Act of 1956.

Extra long staple cotton. On October 13, 1958, a national marketing quota of 73,989 standard bales of 500 pounds gross weight and a national acreage allotment of 70,822 acres were proclaimed for the 1959 crop.

Quotas and allotments will apply principally to American-Egyptain, Sea Island (in the continental United States and Puerto Rico) and Sealand cotton.

<u>Total supply, 1958-59 marketing year</u>	<u>Bales</u>
1. Carryover, August 1, 1958	78,000
2. Indicated production, 1958	77,300 a/
3. Estimated imports	85,600
4. Total (item 1 + 2 + item 3)	<u>240,900</u>

a/ October crop estimate.

<u>Normal supply, 1958-59 marketing year</u>		<u>Bales</u>
5. Domestic consumption, 1958		120,000
6. Estimated exports		<u>45,000</u>
7. Total (item 5 + item 6)		165,000
8. Allowance for carryover (30% of item 7)		<u>49,500</u>
9. Total (item 7 + item 8)		214,500
10. Supply percentage (item 4 ÷ item 9)		112.3%

Acreage Allotted, by State, 1958 Crop Compared with 1959

<u>State</u>	<u>Number of designated counties</u>	<u>1958 Acreage Allotted</u>	<u>1959 Acreage Allotted</u>
Arizona	9	35,050	29,908
California	2	603	425
Florida	15	1,020	635
Georgia	3	124	116
New Mexico	5	16,194	14,003
Texas	11	27,829	24,196
Puerto Rico	North and South areas	<u>2,466</u>	<u>1,539</u>
Total		<u>83,286</u>	<u>70,822</u>

Not later than December 15 following the proclamation of quotas a referendum must be held to determine whether farmers favor or oppose such quotas. Preliminary returns indicate that in referenda held December 15, 1958, 92.3 percent of the farmers voting favored quotas for the 1959 crop of Upland cotton and 88.5 percent favored quotas for extra long staple cotton.

The national acreage allotment is apportioned to the States on the basis of the acreage planted to cotton (or regarded as planted) in the five calendar years immediately preceding the calendar year in which the national marketing quota is proclaimed with adjustments for abnormal weather.

The State acreage allotment is apportioned to counties on the basis of the acreage planted to cotton (or regarded as planted) in the five calendar years immediately preceding the calendar year in which the national marketing quota is proclaimed with adjustments for abnormal weather.

The State Committee is authorized to reserve not to exceed 10 percent (15 percent in the case of one State) of the State allotment for adjustments in county allotments due to trends in acreage, abnormal conditions affecting plantings, small or new farms, or to correct inequities in farm allotments and to prevent hardship.

The county acreage allotment (less the reserve) is apportioned to farms on which cotton has been planted in any one of the past three years, (1) by allotting initially to each farm the smaller of five acres or the highest number of acres planted to cotton in such three-year period and (2) by allotting the remainder to farms (other than those whose initial allotment was the highest number of acres planted in the past three years) on the basis of a county cropland percentage, excluding the acreages devoted to specified crops and nonirrigated lands in irrigated areas. No farm may be allotted an acreage under this provision in excess of the highest number of acres planted in the past three years.

The county committee may reserve not to exceed 15 percent of the county allotment for establishing "new" farm allotments and for adjusting "old" farm allotments, but not less than 20 percent of the reserve must be allotted to farms which otherwise would receive allotments of not more than 15 acres.

The farm marketing quota is the actual production from acreage planted to cotton on the farm less the farm marketing excess. The farm marketing excess is the normal yield times excess acres, but it may not exceed the difference between the actual production on the farm less the normal production of the acreage allotment.

For Upland cotton, the farm marketing excess is subject to a penalty at a rate equal to 50 percent of parity price as of June 15 of the calendar year in which the crop is produced and for extra long staple cotton the penalty rate is the higher of 50 percent of parity price or 50 percent of support price.

CORN ACREAGE ALLOTMENTS (932 counties)

The Agricultural Act of 1958, approved August 28, 1958, provided that a referendum be held not later than December 15, 1958, to determine whether farmers favored the new program provided in such Act calling for the elimination of corn acreage allotments and for a new method of setting support prices for the 1959 and succeeding crops of corn.

In a referendum held November 25, 1958, 71.1 percent of the farmers voting favored the new program. Under such program there will be no restrictions on acreage planted to corn in 1959 and later years.

1958 and prior crops

The acreage allotment of corn for any calendar year (which must be proclaimed not later than February 1 of the calendar year in which such acreage allotment is determined) shall be that acreage in the commercial corn-producing area which, on the basis of the average yield for corn in such area during the five calendar years immediately preceding such calendar year, adjusted for abnormal weather conditions, will produce an amount of corn in such area, which together with corn produced in the United States outside the commercial corn-producing area and corn imported, make available a supply for the marketing year beginning in such calendar year, equal to the normal supply. The acreage allotment must be proclaimed not later than February 1 of the calendar year for which such acreage allotment was determined.

The acreage allotment for corn is apportioned among counties in the commercial corn-producing area on the basis of acreage seeded for the production of corn during the five calendar years immediately preceding the calendar year in which the apportionment is determined with adjustments for abnormal weather conditions and for trends in acreage during such period and for the promotion of soil conservation practices.

The acreage allotment for the county is apportioned through local committees among the farms within the county on the basis of tillable acreage, crop-rotation practices, type of soil, and topography.

Although not expressly provided for in legislation, the acreage allotment for the commercial corn-producing area is apportioned among the States in such area to facilitate administration.

The commercial corn producing area for 1958 announced on October 7, 1957, includes 932 counties in 26 States. The designated area for 1958 includes two more States (Florida and South Carolina) and 38 more counties than the 1957 area.

Computation of 1958 National Corn Acreage Allotment

<u>Normal supply</u>	<u>Million bushels</u>
1. Domestic consumption (1957-58) adjusted	3,075
2. Exports (1958-59), estimate	185
3. Total (item 1 + item 2)	3,260
4. Allowance for carryover (15% of item 3)	489
5. Normal supply (item 3 + item 4)	3,749
<u>Acreage allotment</u>	
6. Carryover indicated October 1, 1958	1,450
7. Total production needed (item 5 - item 6)	2,299
8. Estimated production outside of 1958 commercial area and imports	525
9. Production needed in commercial area (item 7 - item 8)	1,774
10. Adjusted average yield in commercial area, 1953-57 (bushel per acre)	45.7 a/
11. Indicated allotment for 1958 (acres)	38,818,381

a/ Five-year average adjusted by eliminating, on a county basis, yields below 75 percent of the average of the other four years, and substituting, on a commercial corn area basis, the adjusted five-year average (48.4) for the exceptionally high yields in 1956 and 1957.

State	No. of Counties in		Total Acreage Allotment for	
	Commercial Area		Commercial Corn Counties	
	1957	1958	1957	1958
Alabama*	8	17	303,314	609,253
Arkansas	4	4	87,706	87,543
Delaware	3	3	108,971	108,440
Florida*	-	5	-	111,906
Georgia*	14	28	378,147	696,731
Illinois	102	102	5,857,909	5,955,360
Indiana	92	92	3,016,533	3,097,900
Iowa	99	99	6,862,686	6,983,516
Kansas	23	23	905,079	911,266
Kentucky	52	52	909,810	933,289
Maryland	16	16	263,825	281,175
Michigan*	35	37	995,695	1,102,795
Minnesota	60	60	3,436,176	3,516,160
Missouri*	72	73	2,381,250	2,436,121
Nebraska	61	61	4,172,390	4,171,542
New Jersey	11	11	104,900	106,867
North Carolina	32	32	850,262	860,675
North Dakota	1	1	71,182	73,723
Ohio	71	71	2,156,784	2,200,847
Pennsylvania	31	31	582,079	577,776
South Carolina*	-	2	-	50,021
South Dakota	32	32	1,948,675	1,972,373
Tennessee	25	25	458,135	464,691
Virginia*	10	15	123,548	156,175
West Virginia	2	2	15,835	16,223
Wisconsin	38	38	1,297,998	1,336,013
	894	932	37,288,889	38,818,381

* State acreages are not directly comparable for the two years because of changes in the number of counties included in the Commercial Corn Producing Area.

RICE ACREAGE ALLOTMENTS AND MARKETING QUOTAS (157 counties)

On October 29, 1958, a national rice acreage allotment of 1,652,596 acres (the minimum established by law) for the 1959 crop of rice was proclaimed. On November 28, 1958, marketing quotas were proclaimed for the 1959 crop of rice, individual marketing quotas for farms staying within their acreage allotment will be the actual production from the farm acreage allotment.

Marketing quotas for rice must be proclaimed (not later than December 31) whenever in any calendar year it is determined that the total supply of rice for the marketing year beginning in such calendar year will exceed normal supply for such marketing year by more than 10 percent. Marketing quotas for any crop of rice may be proclaimed at any time during the calendar year preceding the calendar year in which the crop will be produced.

A referendum must be held within 30 days after the proclamation of quotas to determine whether farmers approve quotas. In order to become effective, at least two-thirds of the farmers voting must favor quotas.

Not later than December 31 of each calendar year, a national acreage allotment for the crop of rice to be produced in the next calendar year must be proclaimed. The national acreage allotment is that acreage which will, on the basis of the national average yield of rice for the five preceding calendar years, produce an amount of rice adequate, together with the estimated carryover from the marketing year ending in the calendar year then current, to make available a supply for the marketing year beginning in the next calendar year, not less than the normal supply.

Determination of Rice Normal Supply, Marketing Quota Level, Total Supply and Supply Percentage

<u>Normal supply and marketing quota level</u>	<u>Thousand Cwts.</u>
1. Estimated domestic consumption, 1957-58	26,297
2. Estimated exports, 1958-59	27,000
3. Total (item 1 + item 2)	53,297
4. Allowance for carryover (10% of item 3)	5,330
5. Normal supply (item 3 + item 4)	58,627
6. Marketing quota level (110% of item 5)	64,490
<u>Total supply and supply percentage</u>	
7. Carryover on August 1, 1958	18,110
8. Estimated production in 1958	47,679 (Nov. crop report)
9. Estimated imports, 1958-59	200
10. Total supply (items 7 + item 8 + item 9) ...	65,989
11. Supply percentage (item 10 ÷ item 5)	112.6%

Determination of Normal Supply and National Rice Acreage Allotment

<u>Normal Supply a/</u>	<u>Thousand Cwts.</u>
1. Estimated domestic consumption, 1958-59 ..	26,569
2. Estimated exports, 1959-60	25,000
3. Total (item 1 + item 2)	51,569
4. Allowance for carryover (10% of item 3) ..	5,157
5. Total (item 3 + item 4)	56,726
<u>National acreage allotment</u>	
6. Estimated carryover on August 1, 1959	12,400
7. Indicated production needed in 1959 (item 5 - item 6)	44,326
8. National average yield per planted acre, 1954-58	3,001 lbs.
9. Indicated acreage allotment (item 7 ÷ item 8)	1,477,041 acres
10. Minimum national acreage allotment for 1958	1,652,596 acres

Determination of Normal Supply and National Rice Acreage Allotment-
(Cont'd)

- a/ Normal supply is for the marketing year commencing in the calendar year for which the national acreage allotment is determined.

Preliminary returns indicate that 87.0 percent of the farmers voting in a referendum held December 15, 1958 favored marketing quotas for the 1959 crop of rice.

Rice Acreage Allotted 1957 Compared with 1958

<u>State</u>	<u>Apportionment of 1958 Allotment</u>	<u>Apportionment of 1959 Allotment</u>
Arizona	229	229
Arkansas	399,014	398,855
California	299,767	299,648
Florida	957	956
Illinois	20	20
Louisiana	475,011	474,821
Mississippi	46,675	46,656
Missouri	4,767	4,765
North Carolina	38	38
Oklahoma	149	149
South Carolina	2,846	2,845
Tennessee	517	517
Texas	422,316	422,147
Total apportioned to States	1,652,306	1,651,646
Unapportioned national reserve	290	950
U. S. Total	<u>1,652,596</u>	<u>1,652,596</u>

The national acreage allotment, less a reserve of not to exceed 1 percent thereof for apportionment to farms receiving allotments which are inadequate because of an insufficient State or county allotment or because rice was not planted on the farm during all preceding five years, is apportioned among the rice-producing States on the basis of the average number of acres of rice in each State during the preceding five years, with adjustments for trends in acreage during such period.

The State acreage allotment is apportioned in one of two ways:

1. To rice producers on the basis of past production of rice by the producer, taking into consideration the acreage allotments previously established for such producer (in the State), abnormal conditions affecting acreage, land, labor, and equipment available for the production of rice, crop-rotation practices, and the soil and other physical factors affecting the production of rice. Not more than 3 percent of the State acreage allotment is apportioned to persons who have not produced rice during any one of the past five years. The producer allotments so determined are assigned to farms on which the producers will be engaged in producing the crop of rice for which the allotments are established.

2. If the Secretary, upon recommendation of the State Committee determines that such action will facilitate the effective administration of the Act, the State acreage allotment is apportioned to farms on which rice has been produced during any one of such period of years on the basis of foregoing factors using past production of rice on the farm and the acreage allotments previously established for the farm in lieu of past production of rice by the producer and the acreage allotments previously established for such producers. Not more than 3 percent of the State acreage allotment is apportioned to farms on which rice has not been produced for the past five years on the basis of the applicable factors heretofore mentioned.

The farm marketing quota is the actual production on the farm less "farm marketing excess." The farm marketing excess is the normal production of the number of acres planted in excess of the farm acreage allotment, except that the farm marketing excess may not be larger than the amount by which the actual production on the farm exceeds the normal production of the farm acreage allotment if the producer furnishes proof of such actual production to the Secretary.

Whenever marketing quotas are in effect the producer is subject to a penalty on the farm marketing excess at a rate per pound equal to 50 percent of the parity price as of June 15 of the calendar year in which the crop is produced. The penalty may be avoided or postponed by storage or by disposing of the commodity in such other manner not inconsistent with the purposes of the Act, as the Secretary shall prescribe, including delivery to the Commodity Credit Corporation or other agency within the Department. The marketing quota penalty was set at \$2.88 per cwt. for the 1957 crop.

QUOTA PENALTY COLLECTIONS

The following table shows the cumulative marketing quota penalty collections which, except for refunds to producers, are eventually covered into the General Fund of the Treasury.

Summary of Cumulative Net Marketing
Quota Penalty Collections as of June 30, 1958

Marketing: Year	Tobacco	Peanuts	Wheat	Cotton	Rice	Total
1938-39	\$943,225.00:	- -	- -	\$218,382.38:	- -	\$1,161,607.38
1939-40	- -	- -	- -	518,628.98:	- -	518,628.98
1940-41	672,010.20:	- -	- -	672,923.32:	- -	1,344,933.52
1941-42	184,972.89:	\$44,110.13:	\$13,111,042.87:	2,009,036.69:	- -	15,349,162.58
1942-43	422,393.90:	104,840.90:	2,037,182.66:	1,489,990.83:	- -	4,054,408.29
1943-44	514,563.85:	- -	- -	- -	- -	514,563.85
1944-45	1,738,585.09:	- -	- -	- -	- -	1,738,585.09
1945-46	4,017,148.49:	- -	- -	- -	- -	4,017,148.49
1946-47	4,064,339.73:	- -	- -	- -	- -	4,064,339.73
1947-48	1,005,258.52:	- -	- -	- -	- -	1,005,258.52
1948-49	1,519,056.74:	- -	- -	- -	- -	1,519,056.74
1949-50	2,599,977.44:	139,243.25:	- -	- -	- -	2,739,220.69
1950-51	3,890,715.22:	288,248.01:	- -	904,579.29:	- -	5,083,542.52
1951-52	4,635,274.05:	557,158.71:	- -	- -	- -	5,192,432.76
1952-53	3,652,471.36:	137,817.65:	- -	- -	- -	3,790,289.01
1953-54	3,128,650.67:	296,653.41:	- -	- -	- -	3,425,304.08
1954-55	5,372,234.77:	137,384.55:	2,785,319.18:	525,959.58:	- -	8,820,898.08
1955-56	805,194.87:	603,505.84:	5,346,809.46:	2,151,983.17:	\$45,229.05:	8,952,722.39
1956-57	397,987.93:	343,893.37:	5,534,266.41:	1,129,871.65:	24,502.73:	7,430,522.09
1957-58	278,579.69:	49,493.35:	8,984,052.27:	2,380,855.06:	73,890.67:	11,766,871.04
1958-59	- -	- -	981,407.98:	- -	- -	981,407.98
Total	39,842,640.41:	2,702,349.17:	38,780,080.83:	12,002,210.95:	143,622.45:	93,470,903.81

LEGISLATION ENACTED, SECOND SESSION, 85TH CONGRESS, AFFECTING ACREAGE
ALLOTMENT AND MARKETING QUOTA PROVISIONS OF THE AGRICULTURAL ADJUSTMENT
ACT OF 1938

Tobacco

Public Law 85-366:

Provides that if in any calendar year more than one crop of tobacco is grown from either the same or different tobacco plants from the same tobacco acreage, the acreage allotment next established for the farm shall be reduced by an amount equivalent to the acreage from which more than one crop of tobacco was grown and harvested.

Public Law 85-705:

Provides for a special referendum of producers of type 2 (Virginia) fire-cured tobacco or type 37 Virginia sun-cured tobacco to determine whether they favor having these two kinds treated as one kind if grown on the same farm. If two-thirds or more of the farmers favor such treatment, a single-combined acreage allotment will be established for the farm.

Peanuts

Public Law 85-717:

Provides that, beginning with the 1959 crop of peanuts, the production of peanuts on a farm for which no allotment is established will not make the farm eligible for an allotment as an "old farm" in the succeeding year; the production of one acre or less of peanuts on a farm without an allotment and without incurring a marketing penalty applies only when the persons who share in such peanuts do not share in peanuts produced on any other farm.

Public Law 85-127 removes green peanuts from the marketing quota penalty provisions.

Wheat

Public Law 85-13:

Provides for increased durum wheat acreage allotments and marketing quotas for the 1957 crop for farms located in counties in specified States which are (1) capable of producing class II durum wheat and (2) having produced such wheat for commercial food products during one or more of the five years 1952 through 1956.

Public Law 85-203:

Provides that farmers whose wheat acreage allotment is less than 30 acres may grow up to 30 acres of wheat for use exclusively on the farm where produced. This provision will apply to the 1958 and future crops. It also provides that no acreage seeded to wheat for harvest as grain in 1958 or thereafter in excess of the wheat acreage allotment on any farm, regardless of the size of the wheat allotment shall be considered in establishing future State, county or farm acreage allotments.

Public Law 85-366:

Makes certain minor changes in the laws relating to wheat acreage allotments so as to eliminate inequities which were occasioned by enactment late in the first session of the 85th Congress of Public Law 85-203, commonly called the feed-wheat bill.

Public Law 85-390:

Provides for an increase of 8,000 acres in the acreage allotments for the 1958 and 1959 crops of wheat for farms in the Tulalake area, Modoc and Siskiyou Counties, California. For these two years, this special allotment will be in addition to the national acreage allotment for wheat.

Cotton

Public Law 85-456:

Provides for the transfer of 1958 cotton acreage allotments in disaster areas from farms on which they cannot be timely planted or replanted to farms in the same or adjoining counties on which the same producers are engaged in cotton production. This law applies only in counties where a substantial number of farms were affected and transfers could be made only if authorized by the Secretary of Agriculture.

Public Law 85-835:

a. Provides that for the 1959 and 1960 crops of Upland Cotton the farmer is to be given the choice of (A) planting within the acreage allotment determined under section 344 of the Agricultural Adjustment Act of 1938, as amended, and receiving price support as provided in section 101 of the Agricultural Act of 1959, as amended, or (B) increasing his farm acreage allotment by not to exceed 40 percent as determined by the Secretary and receiving price support at 15 percent of parity below the level established under A.

b. Provides that beginning with the 1961 crop, the marketing quota shall not be less than the number of bales equal to the estimated domestic consumption and estimated exports (less estimated imports).

c. Provides that the national marketing quota for Upland cotton for 1959 and subsequent years shall not be less than the number of bales required to provide a national acreage allotment of 16 million acres.

d. Provides that beginning with the 1961 crop of extra long staple cotton, the national marketing quota shall be the amount equal to (1) the estimated domestic consumption plus exports for the marketing year which begins in the next calendar year, less (2) the estimated imports, plus (3) the additional number of bales, if any, as the Secretary determines is necessary to assure adequate working stocks in trade channels until cotton from the next crop becomes readily available without resort to CCC stocks.

e. Establishes a national acreage reserve of 310,000 acres, which is in addition to the national acreage allotment and which is to be apportioned to States on the basis of their needs for additional acreage for establishing minimum farm allotments.

- f. Raises the minimum farm acreage allotment from four to ten acres.
- g. Permits establishing the farm acreage allotment on the basis of the allotment for the immediately preceding year.
- h. Provides for the retention of surrendered acreage in a county.

Corn

Public Law 85-835:

Provides that a referendum be held not later than December 15, 1958, of producers of corn in 1958 in the commercial corn-producing area for 1958 to determine whether they favor a price-support program as provided under the new Act in lieu of the existing acreage allotment and price-support program. If farmers favor the new program acreage allotments and a commercial corn-producing area will not be established for the 1959 and subsequent crops.

Rice

Public Law 85-443:

1. Restricts old producer allotments in any State to those with production history in the State.
2. Prevents a producer or a farm from becoming an old producer or farm by planting rice without an allotment.
3. Permits the Secretary to divide a State into two areas and make allotments on a producer basis in one area and on a farm basis in the other area.
4. Provides for pooling allotments of lands acquired by agencies having the right of eminent domain and use of the pooled allotments to establish allotments for other farms owned or acquired by the farmer owner of lands so acquired.
5. Increases the marketing penalty from 50 percent to 65 percent of parity.
6. Provides for the termination of previous quotas whenever current quotas are terminated and makes clear that such termination does not forgive any penalty then due.

Public Law 85-835:

Establishes the national acreage allotment at the 1956 level.

All basic commodities:

Public Law 85-266:

Eliminates the requirement that notice of intent not to plant the full acreage allotment must be filed with the county committee in order for a farmer to receive credit for future acreage allotment purposes. It counts the acreage underplanted in 1956 if the committee was notified. It does not count acreage released under surrender and reapportionment provisions.

* * * * *

The Commodity Stabilization Service, as a part of its regular activities,

is responsible for part of the continuing activities of the Department in the area of preparedness measures relating to food and the domestic distribution of farm equipment and supplies. Such work, financed from this appropriation, includes periodic evaluation of requirements and supplies of food (including fibers, tobacco, and oilseeds) and supporting nonfood materials and facilities. Work also includes analyses to determine the ability of the United States to supply necessary food in an emergency period and to point out problem areas.

SUGAR PROGRAM

Purpose Statement

Objectives -- The principal objectives of the sugar program, carried out under the Sugar Act of 1948, as amended, are (a) to protect the welfare of domestic producers, (b) to provide consumers with adequate supplies of sugar at reasonable prices and (c) to promote our general export trade. Provision is also made to insure that a fair share of the consumers' dollar goes to domestic producers of sugar cane and sugar beets and to laborers working in cane and beet fields. The attainment of these objectives involves:

1. Determination of United States sugar requirements.
2. Administration of quotas to regulate imports of sugar produced in foreign areas and the marketing of sugar produced in domestic areas.
3. Allotment of quotas to individual processors when necessary to insure orderly marketing.
4. Making of payments to domestic producers of sugar beets and sugar cane who meet certain specified conditions.

The continental United States produces sugar from both sugar beets and sugar cane. Additional quantities of sugar are produced from sugar cane in Hawaii, Puerto Rico, and the Virgin Islands. Domestic sugar, produced at higher cost per unit than in foreign areas, falls far short of meeting the Nation's requirements. To meet total needs, the United States imports substantial quantities of sugar from foreign areas, primarily from Cuba and the Philippines.

If unlimited quantities of sugar were permitted entry into the continental United States from Cuba, the Philippines, and other foreign countries, prices to domestic consumers under ordinary circumstances could be expected to be slightly lower than at present. However, under present wage standards in domestic producing areas, unlimited imports would place domestic producers in an extremely difficult, if not impossible, competitive position. Moreover, the economies of most of the domestic cane sugar-producing areas are dependent on sugar-producing crops for which there is no feasible alternative.

Quotas -- The Sugar Act of 1948, as amended, provides a quota system to balance supply with demand. The Secretary of Agriculture, as authorized by the Act, determines at the end of each calendar year the Nation's sugar requirements for the coming year. Requirements for the calendar year 1958 were initially established in December 1957 at 8,800,000 short tons, raw value and in four successive increases, raised to 9,200,000 tons as of October 17, 1958.

All increases were distributed quota-wise in accordance with provisions of the Sugar Act. The quota provisions of Public Law 545, 84th Congress, approved May 29, 1956, became effective as of January 1, 1956. This law, amending and

extending the Sugar Act of 1948, as amended, restores to the domestic areas their historic participation in the growth of the United States sugar market. Beginning in 1956, market growth in excess of 8,350,000 tons has been shared 55 percent by domestic areas and 45 percent by foreign countries. Distribution of quotas among foreign countries has been changed so that foreign countries other than Cuba and the Republic of the Philippines share to a greater extent than heretofore in market growth beginning in 1957.

Marketing Allotments -- The Act provides that the quota for any area shall be allotted to persons who market or import sugar when necessary to insure orderly marketing and to afford interested persons an equitable opportunity to market sugar within the quota limitations.

Production Adjustment -- The Act provides that if production in any area will be greater than the quantity necessary to fill the quota and provide a normal carryover inventory, restrictive proportionate shares (Farm Marketing Allotments), shall be established. A restrictive program is designed to balance supplies within an area with the quota and normal carryover requirements. The total quantity of sugar which may be produced in an area is divided among individual growers, and as one of the conditions for payment, production must not exceed the proportionate share.

Payments -- Domestic producers of sugar beets receive conditional payments averaging about \$2.34 per ton of beets. For producers of sugar cane the payments within the various domestic producing areas range from about \$1.06 to \$1.57 per ton of cane. The Sugar Act imposes a special tax of 50 cents per hundredweight of sugar, raw value, on all manufactured sugar from sugar beets or sugar cane either produced in or brought into the continental United States.

Revenue -- From the inception of the program in the 1938 fiscal year through the fiscal year 1958, sugar excise and import tax collections, of \$1,569,108,671 have exceeded program costs of \$1,181,013,194, by 33 percent or \$388,095,480.

	Appropriated, 1959	Budget Estimate, 1960
Appropriation	\$76,000,000	\$71,500,000

(b) Sugar Act Program

Appropriation Act, 1959, and base for 1960	\$76,000,000
Budget Estimate, 1960	<u>71,500,000</u>
Decrease	<u>-4,500,000</u>

SUMMARY OF INCREASES AND DECREASES, 1960

Net decrease in mandatory payments to sugar producers for 1959 crop	-4,561,000
Increase in operating expenses	+61,000

PROJECT STATEMENT

Project	1958	1959 (estimated)	Increase or Decrease	1960 (estimated)
1. Payments to sugar producers:				
(a) Continental beet area	\$35,269,040:	\$36,782,475:	-\$54,725	\$36,727,750
(b) Continental cane area	7,261,251:	8,238,560:	+730,840	8,969,400
(c) Offshore cane area	22,992,682:	28,742,539:	-5,237,115	23,505,424
Total payments ..	<u>65,522,973:</u>	<u>73,763,574:</u>	<u>-4,561,000</u>	<u>69,202,574</u>
2. Operating expenses ...	2,139,527:	2,236,426:	+61,000	2,297,426
Total Pay Act costs				
(P.L. 85-462)	[53,438]:	[111,926]:	- -	[111,926]
Total appropriation or estimate	<u>67,662,500:</u>	<u>76,000,000:</u>	<u>-4,500,000(1):</u>	<u>71,500,000</u>

INCREASES AND DECREASES

(1) The net decrease of \$4,500,000 in this item is composed of:

(a) A net decrease of \$54,725 for payments to sugar beet producers in the continental beet area. Payments on the 1959 sugar beet crop for which the 1960 appropriation is requested reflects an increase of \$1,224,275 over those for the 1958 sugar beet crop because of increased production. However, in the 1959 fiscal year it was necessary to make payments on the 1957 sugar beet crop of \$1,279,000 which were deferred from the 1958 fiscal year. Therefore, on an appropriation basis, the 1960 payments to sugar producers in the beet area reflects a net decrease of \$54,725 from the 1959 fiscal year;

(b) An increase of \$730,840 for payments to producers in the Mainland cane area due to increased production of 55,000 tons;

(c) A decrease of \$5,237,115 for payments to producers in the offshore cane area. An industry strike in Hawaii from January-June 1958 reduced sugar production significantly, thus reducing payment obligations to be paid from 1959 fiscal year funds. Also, drought adversely affected the sugar production from the 1957-58 Puerto Rican crop and the 1958 Virgin Islands crop, further reducing payment obligations to be paid from 1959 fiscal year funds. This had the effect of reducing fund requirements for the 1960 fiscal year since payments to Puerto Rico in 1959 reduced the deferral of Puerto Rican payments into fiscal year 1960.

(d) An increase of \$61,000 in operating expenses, to bring the salaries of Agricultural Stabilization and Conservation county committee employees more nearly in line with present salary scales for Federal Classified employees in local areas performing comparable work. The amount of \$61,000 represents the proportionate share of a 10% salary increase to be paid from the Sugar Act fund. This amount will be transferred to the account "Local Administration, Sec. 388, Agricultural Adjustment Act of 1938" and will be absorbed by increasing the deferral of payments to Puerto Rico in the fiscal year 1961. (See "Acreage Allotments and Marketing Quotas" appropriation for further details.)

The net effect of these changes is to decrease the payment deferral into the 1960 fiscal year by \$4,500,000 below the level of deferral of the previous fiscal year. This results in reduced payment requirements for 1960.

On the basis of current estimates of production, a total of \$76,971,291 (including administrative expenses) will be required for the 1959 sugar program, plus \$8,959,821 for payments on the 1958-59 Puerto Rican crop, which were deferred until the fiscal year 1960, making total requirements for the program \$85,931,112.

The appropriation requested is \$71,500,000, which contemplates an estimated deferral of \$14,431,112 until fiscal year 1961 for payments on the 1959-60 Puerto Rican crop.

Both fiscal and crop year estimates are compared in Table I.

Table I

Program Year	1957	1958	Fiscal Year Appropriation		Total
			1959	1960	
1956 Sugar Program					
Payments to producers:					
Puerto Rico (1956-57)		\$12,718,640:			\$12,718,640
1957 Sugar Program					
Payments to producers:					
Continental sugar beet area		35,269,040:	\$1,279,000:		36,548,040
Continental sugar cane area		7,261,251:			7,261,251
Hawaii		10,052,121:			10,052,121
Puerto Rico (1957-58)	\$485,000:	28,610:	13,006,390:		13,520,000
Virgin Islands		193,311:			193,311
Total, 1957 payments	485,000:	52,804,333:	14,285,390:		67,574,723
1958 Sugar Program					
Payments to producers:					
Continental sugar beet area			35,503,475:		35,503,475
Continental sugar cane area			8,238,560:		8,238,560
Hawaii			7,258,110:		7,258,110
Puerto Rico (1958-59)			8,349,429:	\$8,959,821:	17,309,250
Virgin Islands			128,610:		128,610
Total, 1958 payments			59,478,184:	8,959,821:	68,438,005
1959 Sugar Program					
Payments to producers:					
Continental sugar beet area				36,727,750:	36,727,750
Continental sugar cane area				8,969,400:	8,969,400
Hawaii				9,708,300:	9,708,300
Puerto Rico (1959-60)				4,644,388:	19,075,500
Virgin Islands				192,915:	192,915
Total, 1959 payments				60,242,753:	74,673,865
Total program payments	485,000:	65,522,973:	73,763,574:	69,202,574:	
Operating expenses		2,139,527:	2,236,426:	2,297,426:	
Total appropriation or estimate		67,662,500:	76,000,000:	71,500,000:	

The number of payees are shown in Table II. The estimate for the 1959 sugar crop program compared with prior crop year data on tonnage, production, total payments and average payment per ton, is shown in Table III.

NUMBER OF PAYEES

Table II

Area	: : 1957 crop	: : 1958 crop : (estimate)	: : 1959 crop : (estimate)
Continental sugar beet area	: 39,325	: 39,500	: 40,000
Continental sugar cane area	: 6,664	: 7,225	: 7,350
Hawaii	: 1,046	: 1,200	: 1,200
Puerto Rico	: 19,000	: 20,000	: 20,500
Virgin Islands	: 324	: 350	: 350
Total	: 66,359	: 68,275	: 69,400

Total sugar production from the 1959 crops in the domestic areas is estimated at 5,340,000 short tons, raw value. This is 529,000 tons more than estimated total production from the 1958 crops. These estimates are based on analysis and consideration of sugar inventories, probable production and consumption of sugar during 1958, and the prospective level of United States consumers' sugar requirements for calendar year 1959.

Domestic Beet Sugar Area production from the 1959 crop is estimated at 2,250,000 short tons, raw value, which is 75,000 tons more than the 1958 crop is expected to produce. The 1959 crop figure represents a production objective in line with anticipated sugar quota and carryover stock requirements for the area.

Production from the 1959 crop in the Mainland Cane Sugar Area is estimated at 675,000 tons which is 55,000 tons more than the 1958 crop estimate. The 1959 crop figure also represents a production objective in line with anticipated sugar quota and carryover stock requirements for the area.

Hawaii's 1959 crop production is estimated at 1,050,000 tons which is 265,000 tons higher than the area's 1958 crop production estimate. Production from the 1958 crop was reduced greatly because of a strike which gripped the Island's sugar industry from January to June 1958.

The 1959-60 crop production estimate of 1,350,000 tons for Puerto Rico is consistent with prospective quota and inventory needs for the area although it is 125,000 tons higher than the Island's estimated 1958-59 crop production.

Production from the 1959 crop in the Virgin Islands is estimated at 15,000 tons. This, while 9,000 tons higher than the Island's 1958 crop production, is still short of the area's probable 1959 calendar year quota level. The 1958 crop was seriously damaged by drought, necessitating substantial abandonment and deficiency payments to growers.

Table III

AREA	1958		1959		1960		Increase (+), or Decrease (-)
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	
	(1957	(1958	(1959	(1959	(1959	(1959	
	Crop Year)	Crop Year)	Crop Year)	Crop Year)	Crop Year)	Crop Year	
	(Actual)	(Estimated)	(Estimated)	(Estimated)	(Estimated)	Compared with	
						1958 Crop Year	
Beet Area							
Tons produced	2,213,000	2,175,000	2,250,000			+75,000	
Total payments	\$36,531,540	\$35,485,125	\$36,708,750			+\$1,223,625	
Payments per ton	\$16.51	\$16.31	\$16.31				
Mainland Cane Area							
Tons produced	535,000	620,000	675,000			+55,000	
Total payments	\$7,261,251	\$8,238,560	\$8,969,400			+\$730,840	
Payment per ton	\$13.57	\$13.29	\$13.29				
Hawaii							
Tons produced	1,085,000	785,000	1,050,000			+265,000	
Total payments	\$10,052,121	\$7,258,110	\$9,708,300			+\$2,450,190	
Payment per ton	\$9.26	\$9.25	\$9.25				
Puerto Rico							
Tons produced	934,000	1,225,000	1,350,000			+125,000	
Total payments	\$13,520,000	\$17,309,250	\$19,075,500			+\$1,766,250	
Payment per ton	\$14.47	\$14.13	\$14.13				
Virgin Islands							
Tons produced	15,100	6,000	15,000			+9,000	
Total payments	\$193,311	\$128,610	\$192,915			+\$64,305	
Payment per ton	\$12.80	\$21.43	\$12.86				
Total							
Tons produced	4,782,100	4,811,000	5,340,000			+529,000	
Total payments	\$67,558,223	\$68,419,655	\$74,654,865			+\$6,235,210	
Payment per ton	\$14.12	\$14.22	\$13.98			-\$0.24	

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses to carry into effect the provisions of the Sugar Act of 1948 * * * Provided, That expenditures (including transfers) from this appropriation for other than payments to sugar producers shall not exceed [\$2,124,500] \$2,297,426.

The proposed change in language increases the limitation on the total amount which may be used for administrative expenses from \$2,124,500 to \$2,297,426. The increase of \$172,926 is composed of (1) an increase of \$111,926 for increased pay costs pursuant to the Federal Employees Salary Increase Act of 1958 and (2) an increase of \$61,000 for this appropriation's proportionate share of the proposed increase (averaging 10%) in the salaries of Agricultural Stabilization and Conservation County Committee employees.

STATUS OF PROGRAM

Sugar Requirements and Quotas

The Sugar Act provides that the Secretary of Agriculture shall determine in each year the consumers' requirements of sugar for the succeeding year and make such revisions of the initial estimate as necessary.

The requirements or total quotas, for the calendar year 1957 were initially established at 8,800,000 short tons, raw value, to provide a supply adequate to meet a normal rate of sugar consumption and maintain year-end stocks of quota sugar at about the same level as at the end of 1956. To assure consumers adequate supplies in the face of a world-wide acceleration of demand and lessening of supplies and to maintain stability in domestic sugar prices, sugar quotas were adjusted six times during the calendar year 1957 to a final level of 8,975,000 tons.

Initial quotas for calendar year 1958 were established at 8,800,000 tons to provide a supply adequate to meet a normal rate of sugar consumption after allowing for the increase in population and the quantity of sugar charged to 1957 quotas that would be available for consumption in 1958. On May 22, 1958 quotas were increased to 8,900,000 tons, in view of the changing seasonal production-consumption balance prevailing market conditions, and the rate of sugar distribution. Quotas were further increased effective June 24, 1958 to 9,000,000 tons as the period of heavy seasonal demand for sugar began effective October 8, 1958 quotas were increased to 9,100,000 tons and on October 17, 1958 to 9,200,000 tons to make needed supplies available.

Consumers' sugar requirements for calendar years 1957 and 1958 were distributed quota-wise in accordance with the Sugar Act as amended by Public Law 545, 84th Congress, approved May 29, 1956. This law, which with certain exceptions became effective as of January 1, 1956, restored to the domestic areas the opportunity to share in the growth of the U. S. sugar market. Foreign areas not only retained the quotas assigned to them at the time the amendments became effective but also share in the growth of the U. S. market. Beginning in 1956 market growth in excess of 8,350,000 tons is shared 55 percent by domestic areas and 45 percent by foreign countries. Cuba now supplies about 30 percent of the market growth and full-duty countries as a group about 15 percent.

Sugar quotas for the calendar years 1957 and 1958 are shown in the following table:

Production Area	1957 Quotas	1958 Quotas
	Final	As of 10/17/58
	Short tons, raw value	
Domestic beet sugar	2,070,694	2,342,488
Mainland cane sugar	637,172	720,805
Hawaii	1,060,000 <u>1/</u>	700,000 <u>2/</u>
Puerto Rico	920,000 <u>1/</u>	815,000 <u>2/</u>
Virgin Islands	14,753 <u>1/</u>	6,100 <u>2/</u>
Philippines	930,000 <u>1/</u>	980,000
Cuba	3,127,028	3,387,582
Other foreign countries	215,353	248,025
Total	8,975,000	9,200,000

1/ Adjusted for deficits. Unadjusted Quotas were: Hawaii - 1,087,373, Puerto Rico - 1,136,987; Virgin Islands - 15,505; Republic of the Philippines - 980,000, short tons, raw value.

2/ Expected deliveries in 1958. Despite declaration of deficits, full basic quotas are available to these areas as follows: Hawaii, 1,115,479; Puerto Rico, 1,166,375; Virgin Islands, 15,905, short tons, raw value.

Marketing Allotments

Sec. 205(a) of the Act provides that the quota for any area shall be allotted to persons who market or import sugar when necessary to insure orderly marketing and to afford interested persons an equitable opportunity to market sugar within such quota.

In the domestic beet and mainland cane sugar areas, available supplies on January 1, 1958, together with 1958 crop prospects, were such that the Secretary found that allotment of the 1958 quotas for those areas was necessary to prevent disorderly marketing and to assure an equitable opportunity to all persons who market sugar.

Allotment orders regulating the marketings of sugar within the quotas for the domestic beet and mainland cane sugar areas were in effect on June 30, 1958.

Since total Puerto Rican sugar supplies in 1958 are less than the Island's 1958 sugar quotas, it was not necessary to restrict marketings of Puerto Rican sugar, except for sugar shipped to the U. S. mainland for direct consumption. Preliminary allotments governing such sugar were established in January, 1958, revised in April and in July.

Payments to Producers

Payments are made to domestic producers of sugar beets and sugarcane who comply with certain requirements with respect to: non-employment of child labor, payment of fair and reasonable wages, proportionate shares (acreage allotments), and in the case of processor-producers, the payment of fair and reasonable prices for sugar beets or sugarcane purchased from other producers.

Pursuant to Title III of the Sugar Act of 1948, conditional payments on the 1957 crops totalling \$67,558,223 were made to about 66,359 sugar beet and sugarcane producers in 24 States, Hawaii, Puerto Rico and the Virgin Islands. (Table I)

TABLE I

Payments Under the Sugar Act of 1948 and Number of Payees, in the
Domestic Sugar Producing Areas, Crop Years 1956 and 1957 1/

Payment and Payee	Domestic : Beet Sugar : Area	Mainland : Cane Sugar : Area	Hawaii	Puerto Rico: 2/	Virgin : Islands:	Total
	DOLLARS					
Payments on sugar beets or:						
sugarcane:						
1956	30,647,676:	7,345,000	10,179,146	13,667,184:	167,141:	62,006,147
1957	35,971,235:	7,153,140	10,052,121	13,020,000:	193,311:	66,389,807
Abandonment and deficiency:						
payments:						
1956	633,324:		-	1,016,476:	-	1,649,800
1957	560,305:	108,111	-	500,000:	-	1,168,416
Total payments:						
1956	31,281,000:	7,345,000	10,179,146	14,683,660:	167,141:	63,655,947
1957	36,531,540:	7,261,251	10,052,121	13,520,000:	193,311:	67,558,223
	NUMBER					
Payees:						
1956	38,403:	7,201	1,057	17,913:	339:	64,913
1957	39,325:	6,664	1,046	19,000:	324:	66,359

1/ Preliminary.
2/ 1956-1957 and 1957-1958 crops.

Excise and Import Taxes

The Act, through an amendment to the Internal Revenue Code, imposes a tax of 50 cents per hundred pounds of sugar, raw value, on all beet or cane sugar processed in or imported into the continental United States for direct consumption. The excise tax on sugar, under Public Law 545, was extended to June 30, 1961.

The following table shows taxes collected compared with obligations under the sugar program:

Fiscal Year	Sugar Tax Collections			Total Obligations
	Excise Tax	Import Tax	Total	
1938 ...	\$30,569,130	\$2,680,298	\$33,249,428	\$22,080,599
1939 ...	65,411,058	3,494,627	68,908,685	52,460,654
1940 ...	68,145,358	5,456,207	73,601,565	47,212,400
1941 ...	74,834,839	4,859,760	79,694,599	47,677,678
1942 ...	68,229,803	4,088,963	72,318,766	47,869,513
1943 ...	53,551,777	3,520,064	57,071,841	55,638,374
1944 ...	68,788,910	5,097,940	73,886,850	54,818,026
1945 ...	73,293,966	3,552,414	76,846,380	52,361,159
1946 ...	56,731,986	3,231,592	59,963,578	48,418,425
1947 ...	59,151,922	5,115,447	64,267,369	53,343,569
1948 ...	71,246,834	3,284,502	74,531,336	54,796,514
1949 ...	76,174,356	4,698,867	80,873,223	71,880,810
1950 ...	71,188,029	4,091,155	75,279,184	59,935,494
1951 ...	80,191,884	3,613,479	83,805,363	63,684,105
1952 ...	78,473,191	3,621,210	82,094,401	69,813,289
1953 ...	78,129,860	5,005,959	83,135,819	64,929,566
1954 ...	73,885,000	4,498,368	78,383,368	59,630,519
1955 ...	78,512,000	4,177,097	82,689,097	59,600,000
1956 ...	82,894,000	4,806,321	87,700,321	59,600,000
1957 ...	86,091,000	4,305,501	90,396,501	67,600,000
1958 ...	85,911,000	4,500,000	90,411,000	67,662,500
Subtotal	1,481,408,903	87,699,771	1,569,108,674	1,181,013,194
1959(Est)	87,500,000	5,000,000	92,500,000	76,000,000
1960(Est)	88,500,000	5,500,000	94,000,000	71,500,000
Total	1,657,408,903	98,199,771	1,755,608,674	1,328,513,194

Tax collections exceed total program obligations in the amount of \$388,095,480 for fiscal years 1938 through 1958.

Fair Wage and Price Determinations

The Sugar Act requires that determinations of fair and reasonable wages and prices shall be made by the Secretary after holding public hearings and after appropriate investigations. Determinations of wages and prices are issued annually for the following domestic areas: sugar beet, mainland cane (Louisiana and Florida) and the Virgin Islands. For Hawaii and Puerto Rico fair price determinations are issued annually but the wage determinations for these areas have been placed on a continuing basis (Hawaii in 1954 and Puerto Rico beginning in 1957).

Under the wage determinations issued during the 1958 fiscal year, wage rates continued unchanged in all areas, except the Louisiana and the sugar beet area. In Louisiana hourly wage rates were increased by an average of ten percent ranging from about 6 to 13 percent depending upon the class of work or operation. A wage determination for Florida was being formulated at the close of the fiscal year. For beet states other than California, southern Oregon, and western Nevada, the number of wage districts was reduced from 8 to 3, necessitating adjustments in the piecework rates for certain operations in a few States or parts of States. For the majority of beet states, however, the piecework rates were not changed. In California and contiguous regions, an amendment to the 1957 crop determination established Imperial Valley, California, as a separate wage district and reduced its hourly wage rates 5 cents per hour. The 1958 crop determination for this district continued the rates applicable to the 1957 crop.

Fair price determinations were issued for all domestic sugar producing areas except the beet area for which the determination was under consideration at the end of the fiscal year. In Louisiana, Florida, and Puerto Rico minor revisions were made, such as changes in raw sugar pricing periods, specification of a 4 percent trash deduction for Florida, and changes in other items, none of which materially affected the basic sharing relationship between producers and processors. In Hawaii, the provisions of the 1957 crop determination were continued except for specification of alternative bases for the computation of overhead charges made by processors on services furnished to producers.

In the Virgin Islands the producer's share of raw sugar was decreased by approximately 10 percent. The basis for the molasses payment was changed to give producers increased returns for this item; and selling and delivery expense deductions used in calculating the f.o.b. mill price of raw sugar were changed to recognize actual costs instead of a fixed rate for such deductions.

Proportionate Share Determinations (Acreage Allotment)

Proportionate shares for sugar beet and sugarcane farms are established for each crop since the marketing of sugar beets or sugarcane within such shares constitutes one of the conditions for payment. Restrictive proportionate shares are required in any area when the indicated sugar production is greater than the quantity needed to fill the quota and provide a normal carryover inventory for such area.

In recognition of the level of supplies and prospective production of sugar in the mainland cane area, a determination was issued on October 8, 1957, continuing restrictive proportionate shares on the 1958 crop. The total of 1958 crop proportionate shares was established at approximately the same level as that effective for the 1957 crop.

A determination issued September 9, 1957, provided procedure for granting "prevented acreage" credits with respect to the 1955 and subsequent sugar beet crops. Such credits would be available for recognition in the establishment of farm proportionate shares for sugar beet producers in any local producing area where production was adversely, seriously, and generally affected by drought, flood, storm, freeze, disease, insects or other similar abnormal and uncontrollable conditions.

In a determination issued October 8, 1957, restrictive proportionate shares were continued for the 1958 crop in the domestic beet sugar area. The national acreage limitation was set at 915,000 acres, compared with a final allotment of 950,000 acres for 1957 and 850,000 for each of the 1955 and 1956 crops. An amendment to the determination issued June 10, 1958, increased this national allotment for 1958 sugar beets to 935,000 acres. Acreage was increased primarily because of quota changes plus abnormally high abandonment of planted sugar beet acreage in California. Responsibility was assigned to ASC State Committees for the establishment of individual farm proportionate shares within State acreage allocations.

A determination issued October 11, 1957, established 1957-58 crop proportionate shares for sugarcane farms in Puerto Rico at the level of actual marketings, because the island's indicated sugar supplies appeared inadequate to fill its marketing quotas and provide a normal carryover. It is the second straight year of non-restrictive farm marketings for the area.

The proportionate share determination for the Virgin Islands was placed on a continuing basis in July 1954. This determination established proportionate shares for each farm in the area at the actual level of production.

The determination issued in June 1955, applicable to the 1955 and subsequent crops, established proportionate shares for farms in Hawaii at the actual level of production. However, the proportionate share for the farm of any processor-producer is conditioned upon the maintenance of the existing relationship between the acreage of sugarcane cultivated by the processor-producer and the acreage cultivated by independent growers.

Studies, Surveys and Reports

At the end of the fiscal year 1958 a report was nearing completion of studies conducted in the previous fiscal year of costs, returns, profits, investment and man hour requirements associated with the production of sugarbeets and with the processing of beet sugar. Field work was completed during the fiscal year for the study of costs of sugarcane production and raw cane sugar processing by grower-processors during the years 1955-7 and of the production of sugarcane by independent producers during 1957 in Hawaii.

During the fiscal year, investigations dealing with technological problems of wage and price determinations and compliance therewith were conducted in all domestic producing areas, prior to public hearings in such areas.

"Sugar Statistics and Data Compiled in the Administration of the U.S. Sugar Acts" (Volume 1 of Sugar Statistics Revised), was issued in July 1957. Also, the annual supplement to "Agricultural, Manufacturing and Income Statistics for the Domestic Sugar Areas", (Volume 2 of Sugar Statistics), was published in the December 1957 issue of Sugar Reports.

Regulations were issued October 11, 1957, defining raw and direct-consumption sugar. The definitions, authorized by the 1956 Sugar Act amendment, provide the basis for finally identifying for quota classification purposes sugar or liquid sugar brought into the continental United States. In addition to specific processing requirements described in the regulation, provision is made for distinguishing raw from direct-consumption sugar on the basis of sugar content and in the case of liquid sugar an additional quality factor, ash content. The sugar content dividing line has been established at 99 percent and ash content (in the case of liquid sugar) at 0.20 percent. The new regulation became effective January 1, 1958.

Sugar Reports, the monthly publication of the Sugar Division, was issued throughout the 1958 fiscal year. This publication contains the latest data available on the domestic movement, supply and price situation, analyses of the world and domestic market situation and analysis of special current problems of interest to domestic producers and consumers.

International Sugar Agreement

The world sugar market reversed itself during the 1958 fiscal year. During the previous year the world price rose from a low of 3.22 cents per pound to a high of 6.85 on April 22, 1957. The price on July 1, 1957 was 6.15, declined to 3.63 on November 15, and continued downward to 3.39 on June 16, 1958. This experience led to discussion at the meetings of the International Sugar Council as to the sufficiency of the International Sugar Agreement as a means of dealing with violent fluctuations in the world market. The Agreement, drafted during a period of low prices and burdensome supplies, suddenly and unexpectedly was called on to cope with a serious shortage and high prices.

Three sessions of the Council were held during the 1958 fiscal year. A meeting on July 2 and 3, 1957, dealt primarily with methods of restoring quotas that had automatically become inoperative under the terms of the Agreement on January 25, 1957 because on that date the prevailing price had exceeded 4 cents for 17 marketing days. The second or annual meeting (held November 28 and 29 after the prevailing price had fallen below 3.90 cents and quotas again became operative on November 19) was devoted to the establishment of quotas, election of officers and other administrative actions pertaining to operation of the Agreement during the calendar year 1958. The third meeting, April 22 and 23, 1958, was held primarily to consider the report of

a committee of Experts which had been assigned to study the past operations of the Agreement and make suggestions for changes to be considered in negotiating a new Agreement at a conference to be held in Geneva beginning September 17, 1958.

Through July 31, 1958 a total of 23 nations have signed the Agreement. Four others, The Federal Republic of Germany, Greece, Lebanon and Nicaragua have declared their intentions but have delayed signing because of legislative difficulties. Only four nations, Ireland, Israel, Spain and Cambodia, have notified the Council that they do not wish to sign. The United States deposited its instrument of ratification of the amended Agreement on September 25, 1957.

Present indications are that the most important matter to come before the renegotiating Conference will concern means of providing importing countries with greater protection against high prices through more adequate stocks. Also, a special effort will be made to get new countries to join in the Agreement and thus bring about a greater degree of price stability. There seems to be general agreement that the International Sugar Agreement has brought a worthwhile degree of stability to the world market.

Representatives of the United States have attended all Council meetings and are members of all standing committees and special committees or working groups. Also, data relating to production, supplies and imports of the United States were furnished to the Council monthly throughout the year.

Program Administration

The Sugar Program is administered in the counties by elected county and community committeemen and in the States by State Agricultural Stabilization and Conservation Committees composed of resident farmers appointed by the Secretary.

Administrative expense allocations to States are based on workload data for the previous year adjusted to reflect any contemplated changes in program operations.

Workload Data

Tables II and III set forth the workload data in connection with the 1958 crop (fiscal year 1959).

TABLE II

Sugar Act Program (Beet)
Estimated Workload Data for the 1958 Crop

State	: Number : of : Counties	: Number : of : Farms	: Estimated : planted : Acreage
Illinois	5	119	1,950
Indiana	1	2	25
Iowa	4	23	1,300
Michigan	27	3,449	76,500
Ohio	19	1,164	22,500
Wisconsin	21	541	9,000
Midwest Area	77	5,298	111,275
California	31	2,200	210,000
Colorado	25	4,047	144,000
Kansas	9	101	8,600
Nevada	1	20	500
New Mexico	1	16	770
Texas	5	40	1,800
Utah	14	2,050	33,900
Southwest Area	86	8,474	399,570
Idaho	24	3,885	88,000
Minnesota	25	970	73,400
Montana	20	1,341	56,300
Nebraska	21	1,650	64,500
North Dakota	8	586	38,300
Oregon	3	522	19,400
South Dakota	5	122	5,900
Washington	8	1,132	34,500
Wyoming	11	950	38,200
Northwest Area	125	11,158	418,500
Total States	288	24,930	929,345

TABLE III

Sugar Act Program (Cane)
Estimated Workload Data for the 1958 Crop

State or Area	: Number of Counties	: Number of Mill Areas	: Plantation Mill Districts	: Number of Farms	: Estimated Planted Acreage	: Estimated Harvested Acreage
Florida	4	-	-	24	36,000	-
Louisiana	19	-	-	3,345	250,000	-
Puerto Rico ..	-	26	-	17,605	-	370,000
Hawaii	-	-	27	885	-	108,000
Virgin Islands:	-	1	-	324	-	4,950
Total	23	27	27	22,183	286,000	482,950

* Not available for Puerto Rico, Hawaii and the Virgin Islands.



(c) Administrative Expenses, Section 392,
Agricultural Adjustment Act of 1938

This appropriation account for National and State operating expenses was established pursuant to section 392 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account, amounts estimated to be required for National office direction and for carrying out, or cooperating in carrying out, various programs assigned to the State Agricultural Stabilization and Conservation Offices.

The State Committees, appointed pursuant to the provisions of section 8 (b) of the Soil Conservation and Domestic Allotment Act, are in general administrative charge in their respective States of all programs assigned to them through the Commodity Stabilization Service. Within the framework of the national policy, they determine State policies and direct the adaptation of the national programs to the State.

The amounts transferred into this appropriation account are within the limitations for administrative expenses established under the respective appropriations from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1959, as shown below and base for 1960	\$25,382,947
Transfers, 1960, as shown below	21,646,282
Decrease	<u>-3,736,665</u>

STATEMENT OF SOURCES, PURPOSES, AND AMOUNTS OF FUNDS TRANSFERRED
(As shown in Budget Schedules)

Purpose for which funds are transferred into this account	1958 (actual)	1959 (estimated)	1960 (estimated)	Increase or Decrease
<u>Agricultural Conservation</u>				
<u>Program:</u>				
For administration of agricultural conserva- tion program	\$4,525,223	\$4,848,739	\$4,848,739	- -
<u>Acreage Allotments and</u>				
<u>Marketing Quotas:</u>				
For administration of acreage allotment and marketing quota programs	6,328,412	6,886,300	6,886,300	- -
<u>Sugar Act Program:</u>				
For administration of sugar payment program ..	1,397,110	1,487,028	1,487,028	- -

Purpose for which funds are transferred into this account	1958 (actual)	1959 (estimated)	1960 (estimated)	Increase or Decrease
<u>Disaster Loans, etc., Re-</u>				
<u>volving Fund, Department</u>				
<u>of Agriculture:</u>				
For activities in connec-				
tion with accepting				
applications for feed,				
issuing purchase orders				
to farmers and certifi-				
cates to dealers in				
designated disaster				
areas	70,000	49,500	29,000	-20,500
<u>Acreage Reserve Program:</u>				
For administration of				
acreage reserve program ..	3,640,000	4,302,058	200,000	-4,102,058
<u>Conservation Reserve</u>				
<u>Program:</u>				
For administration of				
conservation reserve				
program	2,000,000	1,960,107	2,346,000	+385,893
<u>Great Plains Conservation</u>				
<u>Program:</u>				
For administration of				
Great Plains Conserva-				
tion Program	15,000	27,500	27,500	- -
<u>Other:</u>				
For services in connec-				
tion with price support				
programs and other				
miscellaneous programs ..	4,935,991	5,821,715	5,821,715	- -
Total available for				
obligation	22,911,736	25,382,947	21,646,282	-3,736,665
Unobligated balance brought				
forward	986,078	- -	- -	- -
Unobligated balance,				
estimated savings	-373,192	- -	- -	- -
Total obligations	23,524,622	25,382,947	21,646,282	-3,736,665

WORK PERFORMED WITH FUNDS OBLIGATED IN 1958
(See Schedule following next item "Local
Administration, Sec. 388, Agricultural
Adjustment Act of 1938").

(d) Local Administration, Section 388,
Agricultural Adjustment Act of 1938

This appropriation account for Agricultural Stabilization and Conservation county offices was established pursuant to Sections 392(a) and 388(b) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account amounts estimated to be required for carrying out or cooperating in carrying out various programs assigned to the ASC county offices.

The ASC county and community committees are responsible for the local administration of programs dealing directly with farmers. The elected ASC county committee is in charge of the county office.

The amounts transferred into this appropriation account are within the limitation for administrative expenses established under the respective appropriations, unless otherwise provided by other laws, from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1959, as shown below and base for 1960	\$138,120.171
Transfers, 1960, as shown below	130,468,129
Decrease	<u>-7,652,042</u>

STATEMENT OF SOURCES, PURPOSES, AND AMOUNTS OF FUNDS TRANSFERRED
(As shown in Budget Schedule)

Purpose for which funds are transferred into this account	1958 (actual)	1959 (estimated)	1960 (estimated)	Increase or Decrease
<u>Agricultural Conservation</u>				
<u>Program:</u>				
For administration of agricultural conserva- tion program	\$19,564,385	\$19,755,131	\$21,295,131	+\$1,540,000
<u>Acreage Allotments and</u>				
<u>Marketing Quotas:</u>				
For administration of acreage allotment and marketing quota programs	34,083,710	32,538,750	32,001,700	-537,050
<u>Sugar Act Program:</u>				
For administration of sugar payment program ...	742,417	749,398	810,398	461,000
<u>Disaster Loans, etc., Re-</u>				
<u>volving Fund, Department</u>				
<u>of Agriculture:</u>				
For activities in con- nection with accepting applications for feed, issuing purchase orders to farmers and certifi- cates to dealers in des- ignated disaster areas ..	58,400	77,500	35,000	-42,500

Purpose for which funds are transferred into this account	1958 (actual)	1959 (estimated)	1960 (estimated)	Increase or Decrease
<u>Acreage Reserve Program:</u>				
For administration of acre- age reserve program	30,749,000:	14,511,492:	800,000:	-13,711,492
<u>Conservation Reserve Program:</u>				
For administration of con- servation reserve program ..	12,000,000:	12,836,900:	15,171,900:	+2,335,000
<u>Great Plains Conservation Program:</u>				
For administration of Great Plains conservation program	57,526:	115,000:	126,000:	+11,000
<u>Other:</u>				
For services in connection with price support pro- grams and other miscella- neous services	50,597,411:	57,536,000:	60,228,000:	+2,692,000
Total available for obliga- tion	147,852,849:	138,120,171:	130,468,129:	-7,652,042
Unobligated balance brought forward	5,052,001:	-	-	-
Unobligated balance, estima- ted savings	-68,526:	-	-	-
Total obligations	152,836,324:	138,120,171:	130,468,129:	-7,652,042

Funds from this appropriation account are advanced to the ASC county committees each month or quarter on the basis of their estimate of requirements for the period less any unobligated balances on hand. These advances are deposited in the county committee bank accounts and used to pay the expenses of the committees. The estimate for the following month or quarter is reduced by the amount not obligated in the period just ended. Unobligated balances in the bank accounts at the end of a fiscal year are used for expenses of the next succeeding year. Year-end balances are kept as low as possible and as of the end of the last four fiscal years were as follows:

1955, \$2,689,006; 1956, \$2,638,264; 1957, \$3,635,027; 1958, \$4,774,530

The ASC county committees perform certain functions for the Commodity Credit Corporation in connection with the CCC grain storage structure program and other CCC Programs. This work, which includes erection of storage structures, handling and maintenance of grain, maintenance and operation of sites and structures, etc., is paid for from the county committee bank accounts. Funds for these purposes are transferred into the Sec. 388 account from the Commodity Credit Corporation corporate funds. The CCC funds in the Sec. 388 account are then advanced to the ASC county committees in the same manner as other funds. The amount of advances in the fiscal year 1958 was \$42,366,000 and is estimated

at \$49,646,000 for the fiscal year 1959 and \$51,819,000 for the fiscal year 1960.

WORK PERFORMED WITH FUNDS OBLIGATED IN 1958

Agricultural Conservation Program (Preliminary)

Applications processed	1,257,932
Total farms	5,264,007
Participating farms	1,161,349
Counties in program	3,070

Acreage Allotment and Marketing Quotas

	<u>Estimated Allotments Established</u>	<u>Allotted Acreage</u>	<u>Counties in Program</u>
Tobacco	585,000	1,169,260	953
Peanuts	118,514	1,612,388	496
Wheat	1,718,115	55,000,000	2,529
Cotton	965,100	17,637,814	1,090
Corn	1,790,299	38,818,381	932
Rice	20,925	1,652,596	157

Sugar Program

Number of farms	47,113
Number of acres (includes 482,950 harvested acreage for Puerto Rico, Hawaii, and Virgin Islands)	1,692,695
Number of counties	311

Price Support

Number of warehouse-stored loans	486,315
Number of farm-stored loans	381,810
Number of counties with completed loans	2,269
Number of lending agencies with whom negotiations were conducted	6,280
Number of reinspections of farm-stored commodities	1,356,265
Number of loans and purchase agreements under which CCC acquired the commodity	795,230
Number of repayments	153,128

Grain Storage Structure Program

Number of storage-structure sites	3,989
Number of storage structures	237,869

National Wool Act Payments Program

Number of farms with sheep and lambs	361,132
Number of counties with sheep	2,975

1957 Emergency Feed Program

Number of counties	61
Number of purchase orders issued	326
Number of dealers' certificates issued	56

Acreage Reserve Program

Number of 1957 agreements	914,396
Number of 1958 agreements	1,049,270

Conservation Reserve Program

Number of farms on which annual payments were made, 1957 calendar year	79,791
Number of contracts, 1958 program	126,515

Number of conservation materials and services claims for payment	298,360
Number of county visits made by farmer fieldmen	84,001

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1958, were actually received or programmed for 1959 or 1960. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: : Obligations, : 1958	: Estimated : Obligations, : 1959	: Estimated : Obligations, : 1960
Allotment from:	:	:	:
<u>Agricultural Conservation Program -</u>	:	:	:
For National, State, and county	:	:	:
office expenses in administering	:	:	:
the agricultural conservation pro-	:	:	:
gram and for costs of aerial photog-	:	:	:
raphy a/	\$25,090,965:	\$25,663,190:	\$27,203,190
<u>Great Plains Conservation Program -</u>	:	:	:
To assist Soil Conservation Service	:	:	:
in explaining programs of conserva-	:	:	:
tion in the Great Plains States and	:	:	:
in relating it to other programs a/	72,526:	142,500:	153,500
<u>Soil Bank Programs, Agriculture -</u>	:	:	:
Acreage reserve a/	522,129,383:	609,367,100:	1,000,000
Conservation reserve a/	128,997,715:	141,619,176:	356,694,900
Total, Soil Bank Programs	651,127,098:	750,986,276:	357,694,900
<u>Disaster Loans, etc., Revolving Fund</u>	:	:	:
<u>Agriculture - For emergency assist-</u>	:	:	:
ance in furnishing feed to farmers	:	:	:
and stockmen in disaster areas a/ ..	315,078:	390,000:	275,000
<u>Revolving Fund, Defense</u>	:	:	:
<u>Production Act, Agriculture - For</u>	:	:	:
ultimate net costs of purchase and	:	:	:
resale of agricultural commodities	:	:	:
initially financed by Commodity	:	:	:
Credit Corporation	1,502,660:	1,677,839:	1,659,751
Total, Allotments	678,108,327:	778,859,805:	386,986,341

(Continued on next page)

a/ Part or all of these funds are transferred to sec. 388 and sec. 392 accounts, as reflected in this section of the Explanatory Notes.

Item	: Obligations, : 1958	: Estimated : Obligations, : 1959	: Estimated : Obligations, : 1960
Allocations and Other Funds (Advances from other agencies):			
<u>Agricultural Marketing Service:</u>			
<u>Removal of surplus agricultural commodities:</u>			
Direct purchases	124,486,285:	132,546,400:	134,876,400
Diversion to by-products and new uses	2,420,398:	12,500,000:	10,000,000
Surplus removal, operating expenses a/	488,229:	689,000:	689,000
Total, Removal of surplus agricultural commodities	127,394,912:	145,735,400:	145,565,400
<u>School Lunch Program:</u>			
<u>Food assistance:</u>			
Commodity procurement (sec. 6) ..	14,811,421:	49,743,000:	14,918,500
Operating expense	89,002:	297,000:	121,500
Total, School Lunch Program ...	14,900,423:	50,040,000:	15,040,000
Total Agricultural Marketing Service	142,295,335:	195,775,400:	160,605,400
<u>International Cooperation Administration - For providing or procuring commodities for other agencies for distribution to foreign claimants</u>	11,222,492:	11,224,000:	- -
<u>Office of Civil and Defense Mobilization - For Department liaison representation at OCDM regional relocation headquarters (Funds will be allotted to the appropriate agencies of the Department after representatives have been selected.)</u>	- -	- -	137,000
Total Allocations	153,517,827:	206,999,400:	160,742,400
Trust Fund:			
<u>Miscellaneous Contributed Funds,</u>			
<u>Department of Agriculture - For aerial survey and preparation of photographs and charts</u>	78,797:	20,000:	15,000

a/ Part or all of these funds are transferred to sec. 388 and sec. 392 accounts, as reflected in this section of the Explanatory Notes.

(Continued on next page)

Item	: : Obligations, : 1958	: Estimated : Obligations, : 1959	: Estimated : Obligations, : 1960
Obligations Under Reimbursements from	:	:	:
Governmental and Other Sources: a/	:	:	:
Supply and foreign purchase program	163,197:	185,000:	185,000
International wheat agreement	160,383:	215,000:	215,000
National wool act	146,033:	262,000:	262,000
Sale of stockpile cotton	9,442:	12,350:	12,350
Operations and maintenance, Depart-	:	:	:
ment of the Air Force	62,649:	65,000:	- -
Miscellaneous reimbursements	31,355:	200,000	200,000
Total, reimbursements	573,059:	939,350:	874,350
TOTAL, OBLIGATIONS UNDER ALLOTMENTS	:	:	:
AND OTHER FUNDS	832,278,010:	986,818,555:	548,618,091

a/ Part of these funds are transferred to sec. 388 and sec. 392 accounts, as reflected in this section of the Explanatory Notes.



PASSENGER MOTOR VEHICLES

The Commodity Stabilization Service will not acquire or replace any passenger motor vehicles or station wagons during the fiscal year 1960. The Service will continue to use the General Services Administration motor pools which are conveniently located to CSS operations throughout the Continental United States.

The two vehicles, located in Puerto Rico and Hawaii, are used for official travel in connection with the Agricultural Conservation Program, Sugar Act Program and other related activities. The Commodity Stabilization Service requires special monthly reports on the use and condition of these vehicles.

The age and mileage data for the passenger motor vehicles on hand as of June 30, 1958, follows:

<u>Age-Year</u> <u>Model</u>	<u>Number of</u> <u>Vehicles</u>	<u>Mileage</u>	<u>Number of</u> <u>Vehicles</u>
1950	1	82,490	1
1956	<u>1</u>	10,010	<u>1</u>
Total	<u><u>2</u></u>		<u><u>2</u></u>



FEDERAL CROP INSURANCE CORPORATION

Purpose Statement

The Federal Crop Insurance Corporation is a wholly owned Government Corporation created February 16, 1938, (7 U.S.C. 1501) to carry out the Federal Crop Insurance Act. The purpose of this act is to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance and providing the means for research and experience helpful in devising and establishing such insurance.

Crop insurance offered to agricultural producers by the Corporation provides protection from losses caused by unavoidable natural hazards, such as insect and wildlife damage, plant diseases, fire, drought, flood, wind, and other weather conditions. It does not indemnify producers for losses resulting from negligence or failure to observe good farming practices.

In accordance with the established policy of limited operations on an experimental basis, the 1959 crop insurance program will operate in 830 counties, furnishing insurance coverage of approximately \$310 million on wheat, cotton, flax, corn, tobacco, beans, citrus, multiple crops, soybeans, barley, peaches, oranges, and grain sorghum. It is estimated that 380,000 crops will be insured for the 1959 crop year, as compared to 324,435 for the 1958 crop year.

Summary of Insurance Operations and Changes in Capital

	<u>Fiscal Years</u>		
	<u>1958</u>	<u>1959</u>	<u>1960</u>
Net capital at beginning of year	\$21,538,134	\$25,755,020	\$35,843,020
Additions to capital during the year:			
Insurance premiums (net)	17,414,360	17,677,000	24,600,000
Interest and other income	100,778	115,000	100,000
Prior year adjustments	30,781	-	-
Total capital available for insurance operations during year	39,084,053	43,547,020	60,543,020
Deductions from capital during the year:			
Insurance indemnities	12,002,482	4,243,000	21,005,000
Loss adjustment and inspection costs.	752,652	854,000	1,065,000
Administrative expenses charged to program operations	310,138	2,330,000	a/ 2,330,000
Provision for estimated bad debts ...	263,761	277,000	300,000
Total deductions from capital ...	13,329,033	7,704,000	24,700,000
Net capital at end of year	<u>25,755,020</u>	<u>35,843,020</u>	<u>35,843,020</u>

a/ Includes proposed supplemental increase of \$330,000, for pay costs, in the amount of administrative expenses that may be paid from premium income.

The crop insurance programs are developed and analyzed in the Washington headquarters office and are administered in the field by 22 State or area offices. Sales and servicing of contracts at the county level is performed by private agents under contractual agreements with the Corporation, and by Federal Crop Insurance Corporation employees hired on a temporary basis. Detailed program accounting and statistical functions are performed by a Branch office in Chicago. As of November 30, 1958 the Corporation employed 493 full-time employees, 95 of whom were in Washington and the balance in the field, and 566 part-time employees, all in the field.

	<u>Appropriated, 1959</u>	<u>Budget Estimate, 1960</u>
Operating expenses:		
Appropriation	\$6,376,700	\$6,376,700
Payable from premium income	a/ <u>2,330,000</u>	<u>2,330,000</u>
Total	<u>8,706,700</u>	<u>8,706,700</u>

a/ Includes proposed supplemental increase of \$330,000 for pay costs.

Operating and Administrative Expenses

	<u>Appropriation</u>	<u>Administrative Expenses Payable from Premium Income</u>	<u>Total</u>
Appropriation Act, 1959 ...	\$6,376,700	\$2,000,000	\$8,376,700
Proposed supplemental au- thorization to expend from premium income, 1959 for pay act costs	- -	330,000	330,000
Base for 1960	6,376,700	2,330,000	8,706,700
Budget Estimate, 1960	6,376,700	2,330,000	8,706,700

Note: The 1960 budget estimate includes \$2,330,000 for operating and administrative expenses of the Corporation payable from premium income. For clarification and completeness, the project statement below shows the total estimate of \$8,706,700 required for administrative expenses, consisting of \$6,376,700 direct appropriation and \$2,330,000 payable from premium income.

PROJECT STATEMENT

Project	1958	1959 (estimated)	Adjustments: Between Projects	1960 (estimated)
1. Underwriting and actuarial analysis	\$807,546	\$944,000	+\$60,000	\$1,004,000
2. Contract sales and servicing	5,138,436	7,113,000	-206,000	6,907,000
3. Crop inspection and loss adjustments	740,856	649,700	146,000	795,700
Total pay act costs (P.L. 85-462)	[161,845]	[416,000]	- -	[416,000]
Total available or estimate .	6,686,838	8,706,700	- -	8,706,700
Deduct: Obligations payable from premium income	310,138	a/ 2,330,000	- -	2,330,000
Total appropriation or estimate b/	6,376,700	6,376,700	- -	6,376,700

a/ Includes anticipated supplemental authorization for pay act costs.

b/ Represents obligations. The amount of \$6,373,479 indicated for 1958 in the 1960 Budget represents applied costs. The difference of \$3,221 reflects, primarily, the excess of printing ordered in 1958 over printing received and used.

Basis for 1960 Estimate

The budgeted program for 1960 contemplates 400,000 crops insured, compared to 380,000 for 1959. A net increase of 27 insurance counties is planned which will make a total of 857. Insurance on additional crops will also be added in approximately 50 of the 830 counties where insurance is already available.

Total operating and administrative costs are budgeted at the same level for 1960 as for 1959. However, changes in the distribution of indirect costs because of minor adjustments in direct charges and the increase in the direct cost of loss adjustment for 1960 are responsible for the adjustments between activities.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored; deleted matter enclosed with brackets):

Not to exceed [\$2,000,000] \$2,330,000 of administrative and operating expenses may be paid from premium income.

The proposed change in language is to provide the necessary authority to pay the Corporation's increased Pay Act costs in fiscal year 1960 from premium income. An identical request will be included in a supplemental estimate for fiscal year 1959 Pay Act costs.

STATUS OF PROGRAM

The Federal Crop Insurance Corporation is a wholly-owned Government Corporation which provides all-risk crop insurance protection against unavoidable causes of loss. Since 1948, the program has been operating in selected counties on an experimental basis. The objective is the development of a sound program that can be operated on a national basis. Expansion of the program has been limited to an extent deemed consistent with sound insurance principles.

Summary of Experience 1948 - 1957: For the 1957 crop year, insurance was available in 818 counties as compared to 375 counties in 1948. In 1948, insurance was offered on seven crops, wheat, cotton, flax, corn, tobacco, and in a few counties each on beans and multiple. Since 1948, expansion of the program has been mainly on these seven crops. Wheat counties increased from 200 to 390, cotton from 53 to 119, tobacco from 32 to 149, corn from 36 to 115, flax from 48 to 52, beans from 4 to 16, and multiple from 2 to 124. Crop insurance protection is now available to the major portion of the principal wheat, tobacco, and flax producing areas.

In addition, experimental programs were begun on other crops in a limited number of counties. In 1951, insurance was offered on citrus in one county in Florida. In 1955, soybean insurance was offered in six counties. The barley insurance program was begun in nine counties in 1956, and a peach program was established in one county in 1957.

The cumulative experience by crops during the 10 year period is as follows:

(Thousands of Dollars)

<u>Crop</u>	<u>Premiums</u>	<u>Indemnities</u>
Wheat	\$109,749	\$115,206
Corn	13,521	17,150
Multiple	22,869	30,767
Cotton	17,470	18,072
Tobacco	16,891	11,865
Beans	1,396	1,717
Flax	7,518	5,838
Barley	292	106
Soybean	124	87
Citrus	601	718
Peach	37	19
Total	<u>190,468</u>	<u>201,545</u>

Operating Experience 1957: From a financial standpoint the 1957 crop year was the best the Corporation has had since 1948, when the program was placed on a limited experimental basis. Premiums of \$17.4 million exceeded indemnity payments of \$12.0 million by \$5.4 million for a loss ratio of .69. The loss ratio for 1948 was .53. Premium income exceeded indemnities for all crops except flax,

citrus, and dry edible beans. These crops represented about 3% of the \$242 million of insured coverage in force for 1957. The following table summarizes the program operations for the 1957 crop year.

<u>Crop</u>	<u>Number of Contracts In Force</u>	<u>Insured Coverage (Thousands)</u>	<u>Premium (Thousands)</u>	<u>Indemnities (Thousands)</u>
Wheat	107,516	\$88,400	\$8,107	\$4,859
Multiple	41,192	49,809	3,346	2,785
Tobacco	71,497	46,600	1,629	558
Corn	39,195	28,300	2,230	1,025
Cotton	25,451	18,000	1,107	593
Flax	15,021	4,400	515	1,265
Barley	2,430	2,500	190	66
Beans	3,539	1,700	107	110
Citrus	286	1,500	95	689
Soybeans	1,385	743	51	33
Peaches	92	148	37	19
Total	<u>307,604</u>	<u>242,100</u>	<u>17,414</u>	<u>12,002</u>

1957 is the first year that the flax and citrus programs have shown a loss since the programs began on an experimental basis in 1948 and 1951 respectively. These programs reflect the ideal situation where insureds over a number of years through premium payments, build a reserve for unforeseen losses. The flax program had accumulated a sufficient reserve to cover the heavy losses which occurred in 1957, and the citrus reserve covered about 85% of the citrus losses. The loss on flax was due to excessive moisture and the "asters yellow" disease. Citrus losses were caused by freeze. It is interesting to note that many Florida citrus producers always felt that hurricane was the major risk of production, yet freeze was the cause of the major losses in 1957.

For the 1957 crop year, 307,604 contracts were in force covering approximately 335,000 farmers in 818 counties in 38 states. The following table indicates the distribution of county participation in the 1957 program by crop and state.

NUMBER OF 1957 CROP INSURANCE PROGRAMS AND COUNTIES

<u>State</u>	<u>Wheat</u>	<u>Tobacco</u>	<u>Cot- ton</u>	<u>Multi- Corn ple</u>	<u>Flax</u>	<u>Beans</u>	<u>Bar- ley</u>	<u>Soy- beans</u>	<u>Pro- grams</u>	<u>Total Coun- ties</u>
Alabama			15						15	15
Arkansas			11	1					12	12
California	4		2				1		7	5
Colorado	12			2		2			16	16

State	Wheat	Tobacco	Cot- ton	Corn	Multi- ple	Flax	Beans	Bar- ley	Soy- beans	Total	
										Pro- grams	Coun- ties
Connecticut		1								1	1
Florida		5								7*	7*
Georgia		14								14	14
Idaho	12						5	1		18	16
Illinois	22			6	15				1	44	30
Indiana	19			11	9					39	26
Iowa				27	20				3	50	42
Kansas	68			6	5					79	75
Kentucky		38								38	38
Louisiana			9		2					11	11
Maryland	1	2		1	1					5	3
Massachusetts		1								1	1
Michigan	14			1	3		5			23	17
Minnesota	12			15	19	28		1	1	76	46
Mississippi			24							24	24
Missouri	18			12	8					38	23
Montana	19							3		22	19
Nebraska	31			12	3		2			48	44
New Mexico			4							4	4
North Carolina		31	5							36	35
North Dakota	44				9	16		3		72	53
Ohio	23	3		6	7				2	41	31
Oklahoma	24		1							25	24
Oregon	9				2			2		13	11
Pennsylvania	2	1		1	2					6	3
South Carolina		10	13							24*	15
South Dakota	25			7	11	8		1		52	40
Tennessee		26	9		3					38	38
Texas	14		26							40	35
Utah	2									2	2
Virginia		15								15	15
Washington	12						1	2		15	12
Wisconsin		2		10	1					13	12
Wyoming	3				1		1			5	3
Total	390	149	119	115	124	52	16	14	7	989*	818*

* Totals include two citrus counties in Florida and one peach county in South Carolina.

The following table shows by states the 1957 crop year insured coverage, premiums, indemnities, and surplus or deficit. Of the 38 states in which crop insurance was available, indemnity costs exceeded premium income in only eight.

SUMMARY OF 1957 CROP YEAR EXPERIENCE BY STATE

<u>State</u>	<u>Number of Contracts In Force</u>	<u>Insured Coverage (Thousands)</u>	<u>Premiums</u>	<u>Indemnities</u>	<u>Surplus or Deficit (-)</u>
Alabama	4,391	\$ 1,467	\$ 78,669	\$ 27,948	\$ 50,721
Arkansas	2,309	1,146	63,844	21,437	42,407
California	516	1,094	115,628	106,450	9,178
Colorado	6,096	5,262	724,100	333,104	390,996
Connecticut	596	628	36,950	13,249	23,701
Florida	1,352	1,957	122,408	719,458	-597,050
Georgia	1,885	1,243	82,548	62,212	20,336
Idaho	2,762	2,481	128,030	60,483	67,547
Illinois	7,904	3,544	266,722	226,695	40,027
Indiana	8,042	2,582	162,129	194,971	-32,842
Iowa	15,331	18,422	1,200,598	478,893	721,705
Kansas	21,291	9,254	1,044,540	2,430,291	-1,385,751
Kentucky	15,380	5,509	229,184	95,365	133,819
Louisiana	3,011	1,043	60,451	82,321	-21,870
Maryland	717	579	24,795	5,843	18,952
Massachusetts	299	138	6,889	3,899	2,990
Michigan	4,148	1,037	66,984	65,783	1,201
Minnesota	26,150	17,794	1,010,633	1,699,926	-689,293
Mississippi	3,730	3,214	150,554	172,748	-22,194
Missouri	12,452	4,625	476,802	254,540	222,262
Montana	5,338	14,938	1,302,536	357,810	944,726
Nebraska	18,222	14,271	1,720,051	414,712	1,305,339
New Mexico	531	1,202	55,393	18,014	37,379
North Carolina	18,169	23,527	659,559	139,156	520,403
North Dakota	33,144	38,553	3,114,821	1,578,240	1,536,581
Ohio	13,262	4,822	226,030	259,569	-33,539
Oklahoma	8,019	5,691	691,148	526,802	164,346
Oregon	2,159	5,069	183,414	44,368	139,046
Pennsylvania	1,818	1,147	34,821	132,410	-97,589
South Carolina	4,065	3,835	186,551	83,543	103,008
South Dakota	17,557	13,903	1,483,723	615,931	867,792
Tennessee	21,432	4,975	257,840	190,273	67,567
Texas	8,743	8,876	698,835	313,337	385,498
Utah	313	738	62,147	59,347	2,800
Virginia	8,752	6,248	196,362	54,405	141,957
Washington	2,100	8,102	259,793	10,874	248,919
Wisconsin	4,938	2,499	140,753	115,335	25,418
Wyoming	680	685	88,125	32,740	55,385
Total	<u>307,604</u>	<u>242,100</u>	<u>17,414,360</u>	<u>12,002,482</u>	<u>5,411,878</u>

Scope of the Program: The planned level of crop insurance operations for the 1958, 1959, and 1960 crop years is:

<u>Item</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>
Number of counties	830	830	857
Number of commodities insured	21	22	22
Number of crops insured	324,435	380,000	400,000
Insurance coverage (\$1,000)	\$244,000	\$310,000	\$328,000
Premiums (\$1,000)	\$17,677	\$24,600	\$26,000
Indemnities (\$1,000)	\$4,243	\$21,005	\$23,400

The current policy of the Corporation is to expand insurance coverage to additional crops in counties where programs have already been established. In 1958, 126 new county programs were added, mostly in the midwest on corn and soybeans. For 1959, 192 new county programs have been allocated, primarily for corn and soybeans in the midwest. For 1960, the planned expansion includes 27 new counties covering 54 county programs, and the addition of approximately 50 new county programs in the 830 counties where insurance was offered in 1959.

Peach Insurance: Peach insurance was offered on an experimental basis in one county in South Carolina on the 1957 crop. Premiums amounted to \$37,000 and indemnities \$19,000, for a loss ratio of .50. No major expansion is planned in this program for the next few years, until adequate experience is accumulated for underwriting purposes.

Program Operating Statistics: There follows statistical data by commodities for the past five crop years. The data on the 1958 crop year is estimated.

B A R L E Y

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Number of states.....			6	8	9
Number of counties.....	(No program		9	14	29
Number of contracts <u>1</u> /.....	until 1956)		1,695	2,430	4,216
Insurance coverage (\$1,000)....			\$1,294	\$2,500	\$3,861
Number of indemnities.....			163	191	493
Premiums (\$1,000).....			\$102	\$190	\$318
Indemnities (\$1,000).....			\$39	\$66	\$120
Surplus or deficit (-)(\$1,000).			\$63	\$124	\$198
Loss ratio.....			.39	.35	.38

B E A N S

C r o p Y e a r

<u>Item</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Number of states.....	6	7	6	6	6
Number of counties.....	24	17	16	16	18
Number of contracts $\frac{1}{/}$	6,352	4,229	3,776	3,539	3,750
Insurance coverage (\$1,000).....	\$3,128	\$2,035	\$1,868	\$1,700	\$2,251
Number of indemnities.....	1,240	336	360	385	229
Premiums (\$1,000).....	\$182	\$135	\$124	\$107	\$131
Indemnities (\$1,000).....	\$291	\$89	\$118	\$110	\$45
Surplus or deficit (-)(\$1,000)..<	\$-109	\$46	\$6	\$-3	\$86
Loss ratio.....	1.60	.66	.96	1.03	.34

C I T R U S

C r o p Y e a r

<u>Item</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Number of states.....	1	1	1	1	1
Number of counties.....	2	2	2	2	3
Number of contracts $\frac{1}{/}$	394	324	345	286	432
Insurance coverage (\$1,000).....	\$1,586	\$1,414	\$1,529	\$1,500	\$2,886
Number of indemnities.....	- -	9	33	671	20
Premiums (\$1,000).....	\$105	\$94	\$107	\$95	\$149
Indemnities (\$1,000).....	- -	\$3	\$23	\$689	\$10
Surplus or deficit (-)(\$1,000)..<	\$105	\$91	\$84	\$-594	\$139
Loss ratio.....	- -	.03	.22	7.23	.07

C O R N

C r o p Y e a r

<u>Item</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Number of states.....	13	13	13	13	14
Number of counties.....	99	102	113	115	207
Number of contracts $\frac{1}{/}$	32,673	30,820	41,710	39,195	40,012
Insurance coverage (\$1,000).....	\$29,433	\$27,164	\$41,037	\$28,300	\$32,128
Number of indemnities.....	2,348	6,313	17,338	4,177	3,657
Premiums (\$1,000).....	\$1,378	\$1,366	\$2,708	\$2,230	\$2,080
Indemnities (\$1,000).....	\$766	\$2,011	\$9,086	\$1,025	\$927
Surplus or deficit (-)(\$1,000)..<	\$612	\$-645	\$-6,378	\$1,205	\$1,153
Loss ratio.....	.56	1.47	3.35	.46	.46

C O T T O N

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Number of states.....	12	12	12	11	12
Number of counties.....	101	101	116	119	118
Number of contracts <u>1</u> /.....	24,196	19,319	29,975	25,451	20,410
Insurance coverage (\$1,000).....	\$28,395	\$23,718	\$29,872	\$18,000	\$12,629
Number of indemnities.....	3,870	2,106	4,779	3,802	1,179
Premiums (\$1,000).....	\$1,494	\$1,250	\$1,692	\$1,107	\$761
Indemnities (\$1,000).....	\$839	\$1,055	\$1,137	\$593	\$174
Surplus or deficit (-)(\$1,000)..<	\$655	\$195	\$555	\$514	\$587
Loss ratio.....	.56	.84	.67	.54	.23

F L A X

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Number of states.....	4	4	3	3	3
Number of counties.....	53	50	52	52	55
Number of contracts <u>1</u> /.....	23,451	20,012	17,256	15,021	16,543
Insurance coverage (\$1,000).....	\$8,575	\$6,011	\$5,566	\$4,400	\$3,558
Number of indemnities.....	4,115	2,875	1,928	5,436	970
Premiums (\$1,000).....	\$939	\$704	\$646	\$515	\$412
Indemnities (\$1,000).....	\$719	\$545	\$347	\$1,265	\$187
Surplus or deficit (-)(\$1,000)..<	\$220	\$159	\$299	\$-750	\$225
Loss ratio.....	.77	.77	.54	2.46	.45

M U L T I P L E C R O P S

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Number of states.....	22	23	20	20	20
Number of counties.....	96	83	101	124	100
Number of contracts <u>1</u> /.....	41,042	32,652	35,260	41,192	55,024
Insurance coverage (\$1,000).....	\$68,573	\$51,323	\$51,718	\$49,809	\$31,913
Number of indemnities.....	10,377	7,891	9,554	10,111	3,162
Premiums (\$1,000).....	\$3,210	\$2,826	\$3,234	\$3,346	\$2,061
Indemnities (\$1,000).....	\$4,824	\$4,024	\$4,151	\$2,785	\$651
Surplus or deficit (-)(\$1,000)..<	\$-1,614	\$-1,198	\$-917	\$561	\$1,410
Loss ratio.....	1.50	1.42	1.28	.83	.32

O R A N G E S

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Number of states.....					1
Number of counties.....		(No program until 1958)			1
Number of contracts <u>1</u> /.....					156
Insurance coverage (\$1,000).....					\$1,186
Number of indemnities.....					25
Premiums (\$1,000).....					\$115
Indemnities (\$1,000).....					\$50
Surplus or deficit (-)(\$1,000)..<					\$65
Loss ratio.....					.43

P E A C H E S

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Number of states.....				1	1
Number of counties.....		(No program until 1957)			1
Number of contracts <u>1</u> /.....				92	97
Insurance coverage (\$1,000).....				\$148	\$306
Number of indemnities.....				20	48
Premiums (\$1,000).....				\$37	\$49
Indemnities (\$1,000).....				\$19	\$38
Surplus or deficit (-)(\$1,000)..<				\$18	\$11
Loss ratio.....				.50	.78

S O Y B E A N S

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Number of states.....	(No program until 1955)		3	4	9
Number of counties.....		6	7	7	136
Number of contracts <u>1</u> /.....		1,091	1,560	1,385	14,640
Insurance coverage (\$1,000).....		\$455	\$687	\$743	\$7,565
Number of indemnities.....		183	205	155	1,208
Premiums (\$1,000).....		\$28	\$45	\$51	\$501
Indemnities (\$1,000).....		\$21	\$34	\$33	\$248
Surplus or deficit (-)(\$1,000)..<		\$7	\$11	\$18	\$253
Loss ratio.....		.75	.74	.65	.50

T O B A C C O

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Number of states.....	12	12	12	13	13
Number of counties.....	107	127	143	149	151
Number of contracts <u>1</u> /.....	83,082	86,754	80,796	71,497	69,157
Insurance coverage (\$1,000).....	\$70,634	\$72,482	\$59,088	\$46,600	\$48,221
Number of indemnities.....	12,047	5,483	3,208	4,246	2,714
Premiums (\$1,000).....	\$2,364	\$2,720	\$2,175	\$1,629	\$1,649
Indemnities (\$1,000).....	\$2,107	\$1,075	\$618	\$558	\$295
Surplus or deficit (-)(\$1,000)..<	\$257	\$1,645	\$1,557	\$1,071	\$1,354
Loss ratio.....	.89	.40	.28	.34	.18

W H E A T

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Number of states.....	24	24	22	22	23
Number of counties.....	402	400	389	390	394
Number of contracts <u>1</u> /.....	135,697	124,757	112,576	107,516	99,998
Insurance coverage (\$1,000).....	\$144,027	\$125,245	\$114,341	\$88,400	\$97,496
Number of indemnities.....	30,609	26,960	24,513	15,138	4,004
Premiums (\$1,000).....	\$12,983	\$13,208	\$11,306	\$8,107	\$9,451
Indemnities (\$1,000).....	\$18,485	\$16,682	\$12,341	\$4,859	\$1,498
Surplus or deficit (-)(\$1,000)..<	\$-5,502	\$-3,474	\$-1,035	\$3,248	\$7,953
Loss ratio.....	1.42	1.26	1.09	.60	.16

S U M M A R Y

<u>Item</u>	<u>C r o p Y e a r</u>				
	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Number of states.....	42	41	39	38	38
Number of counties.....	884	888	948	989	1,213
Number of contracts <u>1</u> /.....	346,887	319,958	324,949	307,604	324,435
Insurance coverage (\$1,000).....	\$354,351	\$309,847	\$307,000	\$242,100	\$244,000
Number of indemnities.....	64,606	52,156	62,081	44,332	17,709
Premiums (\$1,000).....	\$22,655	\$22,330	\$22,139	\$17,414	\$17,677
Indemnities (\$1,000).....	\$28,031	\$25,505	\$27,894	\$12,002	\$4,243
Surplus or deficit (-)(\$1,000)..<	\$-5,376	\$-3,175	\$-5,755	\$5,412	\$13,434
Loss ratio.....	1.24	1.14	1.26	.69	.24

1/ For 1958, represents crops insured.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which by November 30, 1958 were actually received or programmed for 1959 or 1960. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.

Item	: : Obligations, : 1958	: Estimated : Obligations, : 1959	: Estimated : Obligations, : 1960
Obligations Under Reimbursements	:	:	:
From Governmental and Other	:	:	:
Sources:	:	:	:
Operating and administrative	:	:	:
expenses	: \$2,012:	\$2,500:	- -

RURAL ELECTRIFICATION ADMINISTRATION

Purpose Statement

The Rural Electrification Administration was established by Executive Order 7037 of May 11, 1935, to make loans for the extension of central station electric service to unserved rural people. The agency was continued by the Rural Electrification Act approved May 20, 1936, and became a part of the Department of Agriculture, effective July 1, 1939, under Reorganization Plan II. On October 28, 1949, the Rural Electrification Act was amended by Public Law 423, 81st Congress, to authorize REA to make loans for the purpose of furnishing and improving rural telephone service.

Loans for construction of electric and telephone facilities are self-liquidating within a period not to exceed 35 years, and bear interest at the rate of 2 percent. Loans to finance wiring installations and electrical and plumbing appliances and equipment are also made at 2 percent interest but for shorter periods.

In the electrification program, the principal borrowers of this Administration are cooperative associations formed solely for the purpose of making electricity available in rural areas. Borrowers are encouraged to plan area coverage programs for the expeditious extension of central station service to remaining unserved farms and to plan over-all operations and maintenance of facilities to serve the consumers most effectively and assure maximum security for the Government's loan. The accumulated experience and sound financial condition of many borrowers is fully utilized in developing and carrying out their operation plans.

In the telephone program, loans are made to both private companies and cooperatives. REA is following the policy of continuous cooperation with the industry in the extension of telephone service to rural areas. REA works with the telephone borrowers in developing sound construction and operating policies, and with manufacturers in the development of efficient and economical telephone equipment specifically designed for rural needs. Practically no standards or equipment specifically designed for rural telephone systems were in existence before REA initiated work in this field. In the interest of protecting loan security, considerable time and attention must be devoted to working directly with borrowers which, for the most part, have had little or no past experience in operating efficient up-to-date rural telephone systems. They are expected, however, to assume responsibility for the operation of their systems.

The Rural Electrification Administration has no field offices. Relations with the borrowers are maintained through offices in Washington and a staff of full-time field employees working directly with the borrowers.

The Rural Electrification Administration on November 30, 1958, had 1013 full-time employees, 792 of whom were in Washington departmental service and 221 in the field service.

	<u>Estimated Available, 1959</u>	<u>Budget Estimates, 1960</u>
Loan Authorizations:		
Rural electrification	<u>a/\$317,000,000</u>	<u>b/\$136,000,000</u>
Rural telephone	<u>c/ 92,500,000</u>	<u>d/ 79,000,000</u>
Total, Loan Authorizations	<u>409,500,000</u>	<u>215,000,000</u>
Salaries and expenses	<u>9,632,000</u>	<u>9,632,000</u>

- a/ In addition, a reserve authorization of \$25,000,000 is available. It is estimated that loans totaling \$275,000,000 will be made in 1959.
- b/ Including carryover balances, it is estimated that electrification loans of \$245,000,000 will be made in 1960.
- c/ Includes anticipated use of the \$25,000,000 reserve authorization in the 1959 Appropriation Act. This together with carryover balances will provide \$98,000,000 for loans in 1959.
- d/ Including carryover balances, it is estimated that telephone loans of \$80,000,000 will be made in 1960.

(a) Loan Authorizations

Electrification Loans

	<u>Loan Authorization</u>	<u>Estimated Loans</u>
Appropriation Act, 1959 (authorization to borrow from the Secretary of the Treasury)	a/ \$317,000,000	c/ \$275,000,000
Budget Estimate, 1960	b/ <u>136,000,000</u>	c/ <u>245,000,000</u>
Decrease	<u>-181,000,000</u>	<u>-30,000,000</u>

a/ In addition, the Act provides a reserve authorization of \$25,000,000.

b/ In addition, a reserve authorization of \$25,000,000 is proposed.

c/ In addition to new loan authorization, balances carried over from prior years are available for loans.

Telephone Loans

Appropriation Act, 1959 (authorization to borrow from the Secretary of the Treasury)	a/ \$92,500,000	c/ \$98,000,000
Budget Estimate, 1960	b/ <u>79,000,000</u>	c/ <u>80,000,000</u>
Decrease	<u>-13,500,000</u>	<u>-18,000,000</u>

a/ Includes a reserve authorization of \$25,000,000, which will be used to meet loan needs in fiscal year 1959.

b/ In addition, a reserve authorization of \$25,000,000 is proposed.

c/ In addition to new loan authorization, balances carried over from prior years are available for loans.

PROJECT STATEMENT
(on the basis of estimated loans)

By Project	1958	1959 (estimate)	1960 (estimate)
1. Rural electrification loans:	\$241,636,869	\$275,000,000	\$245,000,000
2. Rural telephone loans	89,238,000	98,000,000	80,000,000
Total loan requirements ..	330,874,869	373,000,000	325,000,000

EXPLANATION OF ESTIMATES

Rural electrification loans. The loan estimate of \$245 million will require a new loan authorization of only \$136 million since there is expected to be an estimated carryover of \$107,350,637 in unused funds from fiscal year 1959 plus about \$2 million in rescissions of prior loans during fiscal year 1960. The estimates propose continuation of the \$25 million reserve authorization for use to the extent that it may be needed during fiscal year 1960 to meet additional loan requirements.

Rural telephone loans. The loan estimate of \$80 million will require a new loan authorization of \$79 million since there is expected to be little or no carryover of unused funds from the fiscal year 1959 and probably not more than about \$1 million in rescissions of prior loans during fiscal year 1960. The estimates propose continuation of the \$25 million reserve authorization for use to the extent that it may be needed during fiscal year 1960 to meet additional loan requirements.

The following tables reflect loans and funds available for fiscal years 1958, 1959 and 1960:

Electrification Loans:

	1958 Actual	1959 Estimate	1960 Estimate
<u>Loan Funds Available</u>			
For loans	\$241,636,869	\$275,000,000	\$245,000,000
Balances for additional loan needs	83,350,637	132,350,637	25,350,637
Total loan funds available	324,987,506	407,350,637	270,350,637
<u>Analysis of Loan Funds Available</u>			
New loan authorization (including reserves)	\$179,000,000	\$342,000,000	\$161,000,000
Carryover from prior year	139,972,861	63,350,637	107,350,637
Rescissions of prior loans	6,014,645	2,000,000	2,000,000
Total loan funds available	324,987,506	407,350,637	270,350,637
Less -			
Loans	241,636,869	275,000,000	245,000,000
Reserves not used	20,000,000	25,000,000	25,000,000
Balance to next year	63,350,637	107,350,637	350,637

Telephone Loans:

	: 1958 Actual	: 1959 Estimate	: 1960 Estimate
<u>Loan Funds Available</u>	:	:	:
For loans	\$89,238,000	\$98,000,000	\$80,000,000
Balances for additional loan	:	:	:
needs	4,277,703	2,703	25,002,703
Total loan funds available	93,515,703	98,002,703	105,002,703
<u>Analysis of Loan Funds Available</u>	:	:	:
New loan authorization (including	:	:	:
reserves)	\$60,000,000	\$92,500,000	\$104,000,000
Carryover from prior year	31,597,176	4,277,703	2,703
Rescissions of prior loans	1,918,527	1,225,000	1,000,000
Total loan funds available	93,515,703	98,002,703	105,002,703
Less -	:	:	:
Loans	89,238,000	98,000,000	80,000,000
Reserves not used	- -	- -	25,000,000
Balance to next year	4,277,703	2,703	2,703



(b) Salaries and Expenses

Appropriation Act, 1959	\$9,019,000
Proposed supplemental, 1959, for pay act costs	613,000
Base for 1960	9,632,000
Budget Estimate, 1960	<u>9,632,000</u>

PROJECT STATEMENT

Project	1958	1959 (estimated)	1960 (estimated)
1. <u>Administration of Rural</u>			
<u>Electrification Program:</u>			
a. Lending and management activities	\$2,505,877	\$2,601,000	\$2,601,000
b. Engineering activities	2,035,151	2,169,700	2,169,700
Total, Administration of			
electrification program	4,541,028	4,770,700	4,770,700
2. <u>Administration of Rural Telephone</u>			
<u>Program:</u>			
a. Lending and management activities	2,559,496	2,734,500	2,734,500
b. Engineering activities	1,938,023	2,126,800	2,126,800
Total, Administration of			
telephone program	4,497,519	4,861,300	4,861,300
Unobligated balance	17,858	- -	- -
Total pay act costs (P. L. 85-462) ...	[334,605]	[739,350]	[739,350]
Total available or estimate	9,056,405	a/ 9,632,000	9,632,000
Transferred from "Conservation reserve,			
soil bank programs, Agriculture" ...	-25,455	- -	- -
Proposed supplemental due to pay			
increases	- -	-613,000	
Total appropriation or estimate	9,030,950	9,019,000	

a/ Includes \$30,352 obligated in 1958 under the advance procurement authorization (P. L. 85-386).



STATUS OF PROGRAM

Electrification Program

Fiscal Year 1958

Loans to electric borrowers totaled \$241,636,869 for the fiscal year 1958 bringing the cumulative net electric loans approved by REA as of June 30, 1958, to \$3,772,577,652. Construction activities and funds advanced to borrowers continued at a high rate, and significant progress continued during the year in improving the security of outstanding loans.

Applications. At the beginning of the fiscal year there were \$154.6 million in applications on hand. Applications received during the year totaled \$248.4 million. Applications on hand at the close of the fiscal year totaled \$123.3 million.

Loans. There were 337 loans made during the fiscal year 1958 amounting to \$241,636,869 compared to 404 loans in fiscal year 1957 totaling \$300,461,514. The loans will provide for the construction of approximately 18,778 miles of line to bring electric service to about 184,319 new consumers, for heavying up existing systems, and for generation and transmission facilities. Distribution system construction loans amounted to \$151,313,737 or 62.6% of all loans for the year. Loans for generation and transmission facilities totaled \$86,338,132 or 35.7% of the loans made. The remaining \$3,985,000 or 1.7% was for financing consumer facilities.

Loan Funds Advanced to Borrowers. Funds advanced on electric loans amounted to \$205,332,296 during fiscal year 1958, compared with \$185,977,622 during fiscal year 1957. Cumulative advances amounted to \$3,146,545,731 as of June 30, 1958.

Consumers Served and Construction Progress. During the 12 months ending June 30, 1958, electricity was extended to 115,494 rural consumers through the construction of 19,681 miles of line. During the previous fiscal year, 104,798 consumers were connected through construction of 22,352 miles of line. As of June 30, 1958, electric borrowers were operating 1,414,034 miles of line and distributing electric service to 4,521,997 consumers.

Loan Rescissions. Periodically, REA reviews the status of unadvanced loan funds for all borrowers, as well as doing so each time a new loan is under consideration for a particular borrower. Loans are rescinded or transferred to other needed purposes where it is indicated that borrowers no longer need the remaining unadvanced funds for the purpose for which they are loaned. During the fiscal year 1958, loan rescissions amounted to about \$6.0 million.

Loan Repayments. Cumulative payments of principal and interest reflect a healthy loan condition:

	<u>6/30/57</u>	<u>6/30/58</u>
Payments:		
Principal	\$577,435,945	\$674,621,982
Interest	285,471,883	327,959,177
Payments ahead of schedule	108,902,271	128,651,918
Payments overdue more than		
30 days a/	200,602	a/ 106,619
Interest and principal on two		
foreclosures	44,478	44,478

a/ Does not include the principal and interest on the two foreclosures.

Increased Debt Service. Continued increase in the use of electricity by their consumers has made it necessary for borrowers to make substantial additional investment in distribution plant and power supply facilities. For the electric utility industry as a whole distribution plant system improvements are currently requiring on the average about 6% additional capital investment annually. For the future, a continuing annual investment at about the current rate is anticipated. The experience of REA borrowers as a group parallels that of the remainder of the industry. These additional capital requirements, together with funds required for extending initial service to consumers, will cause the total indebtedness, and therefore, the debt service payments of borrowers, to increase steadily with the passage of time. The debt payments of borrowers rose sharply during the period 1948-1958, when payments became due on large amounts loaned borrowers during the peak years of their initial construction programs. From 1948 to 1958, annual principal and interest due from electric borrowers increased from approximately \$32 million to over \$119 million. Continued increase in debt service, but at a slower rate, than during the past 11 years, is in prospect.

Loan Security Problems. Because borrower's debt service increases with the passage of time, any analysis of loan security must go considerably beyond the borrowers' present position with respect to loan repayment. One measure is to compare the margin of revenues over expenses (including an allowance for replacements) with the maximum schedule of repayment that would be required if none of the payments were being deferred. This is most meaningful when assessed in terms of the weighted age of the borrower's plant. On this basis, the debt service earned ratios of 164 borrowers fell below expectations as of the end of the fiscal year 1958, as compared with 141 as of the end of the fiscal year 1957. There were 4 borrowers in default on payments due as of June 30, 1958, as compared to 9 as of June 30, 1957.

REA works with borrowers to detect adverse trends and other unfavorable developments which might endanger loan security. Intensive effort is devoted to individual borrowers who are in financial difficulty or represent loan security problems for other specific reasons.

Electric Sales Program. Except in unusual circumstances reductions in expenses are not of sufficient magnitude to solve loan security problems, and an increase in power sales is often the only practical answer. Also, increased usage of equipment besides resulting in an increase in power sales means a more highly diversified load and an improved load factor or greater kwh sales per kw of demand. The major effort of REA in this regard is in stimulating borrowers, borrower organizations, power companies, and manufacturing and sales concerns to get together and develop advertising and sales programs aimed directly at the potentially huge rural market. Through this program considerable progress has been made in promoting the increased sale and beneficial use of electric power in rural areas. This will materially strengthen the financial condition of REA borrowers. The increased use of power on farms in addition to bettering the financial condition of the borrowers is reducing the operating costs of farmers by use of this cheapest hired hand. During the fiscal year 1958 REA took steps to further stimulate sales of electrical appliances and equipment. The plan of action enlisted the cooperation of all segments of the electrical industry - manufacturers, trade associations, distributors, dealers, rural power distributors and others. On the local level, there was a team-up of dealers and REA borrowers in sales efforts tailored to the needs of the rural communities they served.

Other Program Highlights. A contract was signed on June 17, 1958, between the Atomic Energy Commission and ACF Industries for the construction of a 22,000 electric kw nuclear reactor and on June 27, 1958, REA approved a contract between the Rural Cooperative Power Association of Elk River, Minnesota, and the Atomic Energy Commission for operating the reactor power plant. The nuclear reactor will be financed and owned by the Atomic Energy Commission and the conventional portion of the power plant will be owned by the Cooperative financed with loan funds from REA. The Cooperative will operate the entire plant for five years and purchase the steam produced by the reactor from the Atomic Energy Commission. The Cooperative has an option to purchase the reactor at the end of the five-year contract period. Research and development work is continuing at the Nuclear Development Corporation of America laboratories on the nuclear reactor proposed for installation on the system of the Chugach Electric Association, Incorporated, Anchorage, Alaska. The work is being done under a contract between the Atomic Energy Commission and Nuclear Development Corporation of America.

During fiscal year 1958, REA borrowers installed 211,231 kw of generating capacity. This was almost one-fifth of the total capacity installed over the life of the program.

Fiscal Year 1959

The primary responsibility of REA is to safeguard the Government security for over three and three-quarter billion dollars in loans already made. Attention must also be given to the extension of electric service to the remaining unserved areas as well as to meeting the needs for the ever inoreasing use of power on existing systems.

Applications. Electric applications on hand amounted to \$123.3 million on June 30, 1958. During the fiscal year 1959, it is expected that an additional \$300 million in new applications will be received. Not all of these applications will become a part of the loan demand since some are withdrawn or returned to the field for reworking.

Loans. About 4.6% of American farms were without central station electric service as of June 30, 1958. Loans to provide service to these establishments involve increasing diffiiculties as more sparsely settled sections are reached. Applications from the "thinner" areas require more detailed study of construction costs, probable revenues and operating costs. The problems of adequate and dependable power supply are great in sparsely settled areas where transmission distances are long.

In addition to extension of electric service to remaining unserved rural people the use of electric power on all farms and in the rural areas is steadily inoreasing. Borrowers must increase their system capacities to be able to deliver the power required at acceptable voltages to over four million rural consumers. Loans are needed for such purposes as the installation of voltage regulators, new sub-stations, heavy conductor, poles, crossarms, and hardware, and for additional generation and transmission facilities. Complex construction plans in accordance with comprehensive system planning studies must be worked out to assure that these system improvements are carried on in an orderly and economical way, and to assure the existence of an adequate, dependable, and economical wholesale power supply.

New electrification loan funds for fiscal year 1959 consists of a regular authorization of \$317 million plus a reserve authorization of \$25 million to be used to the extent that it may be needed during the year. Together with a carryover of \$63,350,637 from the fiscal year 1958 a total of \$405,350,637 is available for the fiscal year 1959. It is expected that loan needs for the year will total \$275 million.

Loan Funds Advanced to Borrowers. Advances of loan funds are estimated at \$220 million for the fiscal year 1959, to bring cumulative advances in the program up to about \$3.4 billion by June 30, 1959. Unadvanced loan funds on June 30, 1959 are expected to approximate \$679 million. The amount of unadvanced loans is substantial because of the considerable time which elapses between the making of a loan and the final advance of funds when construction is completed, particularly for generation and transmission facilities and system improvements.

Consumers Served and Construction Progress. About 20,000 miles of distribution line will be energized during 1959, bringing service to an estimated 110,000 new consumers. It is estimated that 243,000 kw of generating capacity will be installed. On June 30, 1958, loans had been made for about 65,000 miles of line not yet energized; loans through that date would provide service to about 566,000 consumers not then served.

Loan Repayments. Borrowers' loan repayment schedules are steadily increasing. Repayments of record amounts loaned in recent years are now becoming due. Cumulative loans through fiscal year 1953 of over \$2½ billion have already reached the repayment stage. On the basis of loans made through June 30, 1958, the figure will steadily increase to over \$3½ billion by fiscal year 1964. The annual interest and principal due from borrowers is expected to increase from \$119 million in 1958 to about \$148 million in 1961. Debt service requirements will continue to gradually increase. REA must work with the electric borrowers in helping them develop to the point where they can meet these increasing debt service requirements. Intensive effort is devoted to borrowers who currently have unsatisfactory debt service earned ratios.

Condition of Physical Facilities. Until recent years, borrowers have been operating plants which were substantially new and therefore have required little maintenance. As borrowers' plants become older, effective technical operations and maintenance practices become increasingly more important. With the loads of many borrowers approaching system capacity, skillful operation of these systems takes on ever greater importance. In the fiscal year 1959 about 72% of the borrowers' systems will be over five years old and about 37% of these facilities will be over 10 years of age. The soundness of the physical facilities and their operations is essential for the farmers to receive adequate service and the Government loan to be repaid.

REA field engineers make surveys of the borrower's physical plant to ascertain its condition and bring possible improvements to the attention of the borrower. Technical information is continually being developed by the engineering staff for borrowers' use in important aspects of technical operations and maintenance to protect the properties that secure the Government loan.

Organization and Operational Soundness of Borrowers. Continuous work is carried out with loan security borrowers in developing comprehensive management plans and assisting them in business and technical operations until they are back in sound operating status. Experience has shown that if sufficient attention can be given to these borrowers when the first indication of difficulty appears, serious future threats to loan security and probable losses of Government loan funds can be avoided.

Increased Borrower Revenue. The most effective way to improve a borrower's financial condition is to increase revenue. Substantial progress is being made in this direction through the stepped-up electric sales program.

Other Program Highlights. The continued increase in the power requirements of borrower consumers has made it necessary for the borrowers to continuously reappraise and plan for their future power supply. To meet these needs may require new wholesale power contracts, integration of existing REA-financed power facilities with other facilities in the area or generation and transmission by REA borrowers. Total installed capacity financed by REA at the start of fiscal year 1959 was 1,195,485 kw. This year borrowers will add about 243,000 kw. REA continued to study the progress in research, development and construction of power reactors in order to assist borrowers in their interests to keep informed and in negotiations for arrangements which may lead to the economic use of reactors in the production of power.

Cumulative Statistics. The cumulative figures presented in the following tables show the progress that has been made in the rural electrification program since its inception in May 1935:

ELECTRIFICATION

LOANS

Table No. I (cumulative figures)

Date	Total Net Loans All Purposes	Estimated Miles of Lines to be Constructed	Estimated Consumers to be Served
June 30, 1936	\$ 13,903,412	13,072	48,997
June 30, 1937	58,936,217	54,407	193,529
June 30, 1938	88,172,436	80,951	282,802
June 30, 1939	227,236,949	209,818	724,999
June 30, 1940	268,972,949	251,642	854,828
June 30, 1941	369,027,621	356,053	1,171,867
June 30, 1942	460,180,345	409,490	1,345,107
June 30, 1943	466,881,323	414,287	1,358,114
June 30, 1944	498,811,447	448,889	1,438,567
June 30, 1945	524,542,502	471,351	1,495,233
June 30, 1946	813,914,990	672,667	2,080,167
June 30, 1947	1,068,436,162	811,019	2,484,503
June 30, 1948	1,381,459,261	931,467	2,847,991
June 30, 1949	1,830,318,858	1,097,705	3,352,603
June 30, 1950	2,205,470,314	1,214,702	3,688,969
June 30, 1951	2,427,204,114	1,286,127	3,896,824
June 30, 1952	2,592,629,925	1,317,279	4,034,334
June 30, 1953	2,730,009,085	1,351,297	4,195,732
June 30, 1954	2,885,932,099	1,387,441	4,367,045
June 30, 1955	3,050,119,414	1,411,765	4,546,463
June 30, 1956	3,238,250,759	1,435,478	4,717,730
June 30, 1957	3,536,955,428	1,460,431	4,903,777
June 30, 1958	3,772,577,652	1,479,209	5,088,096
June 30, 1959	4,045,577,652	1,499,209	5,278,096
June 30, 1960	4,288,577,652	1,519,209	5,468,096

ELECTRIFICATION

CONSTRUCTION

Table No. II (cumulative figures)

Date	Funds Advanced	Miles Energized	Consumers Served	Total KWH Billed (Annual)
June 30, 1936	\$ 823,262	400	693	a/
June 30, 1937	11,864,836	8,000	19,611	a/
June 30, 1938	60,040,810	41,736	104,528	a/
June 30, 1939	122,337,824	115,230	268,000	a/
June 30, 1940	221,287,287	232,978	549,604	311,479,000
June 30, 1941	296,395,142	307,769	779,561	566,422,777
June 30, 1942	354,616,010	369,129	981,193	893,461,286
June 30, 1943	369,152,582	381,747	1,041,821	1,460,460,571
June 30, 1944	387,630,670	397,861	1,152,031	1,791,607,706
June 30, 1945	427,366,738	424,072	1,287,347	2,066,121,706
June 30, 1946	514,619,844	474,837	1,549,057	2,185,149,697
June 30, 1947	704,705,701	546,781	1,843,351	2,861,024,042
June 30, 1948	950,941,658	666,156	2,263,869	4,016,273,673
June 30, 1949	1,272,228,526	839,685	2,778,180	5,474,001,598
June 30, 1950	1,558,887,178	1,018,336	3,251,787	6,973,694,936
June 30, 1951	1,827,017,836	1,134,498	3,547,323	8,737,816,038
June 30, 1952	2,054,591,865	1,210,473	3,769,426	10,603,286,075
June 30, 1953	2,262,225,801	1,271,443	3,951,940	12,560,298,086
June 30, 1954	2,443,754,333	1,315,630	4,109,223	14,947,103,217
June 30, 1955	2,600,496,268	1,348,069	4,187,825	17,788,343,000
June 30, 1956	2,755,235,812	1,372,001	4,301,705	20,664,933,000
June 30, 1957	2,941,213,434	1,394,353	4,406,503	22,870,371,000
June 30, 1958	3,146,545,731	1,414,034	4,521,997	24,960,020,000
June 30, 1959 (est.)	3,366,545,731	1,434,000	4,632,000	27,500,000,000
June 30, 1960 (est.)	3,591,545,731	1,454,000	4,742,000	30,000,000,000

a/ Not available.

Telephone Program

Fiscal Year 1958

Activities reached a new high during the year. The amounts loaned, amounts advanced, route miles of line completed, and subscribers served exceeded accomplishments in any previous year. Highlights of the major achievements during the year are as follows:

Applications. Applications continued to come in at a substantial rate during the year with the receipt of 281 applications totaling \$96,978,000, an increase of about \$10 million over applications received during fiscal year 1957. These were in addition to the \$63,048,000 in applications on hand at the beginning of the fiscal year. At the end of fiscal year 1958, applications on hand totaled \$70,709,000.

Loans. During fiscal year 1958, 216 loans totaling \$89,238,000 were made, which included loans to 66 new borrowers. During fiscal year 1957 there were 221 loans totaling \$81,729,000 which included loans to 94 new borrowers. Net loans through June 30, 1958, amount to \$478,459,015 and will provide funds for new or improved service to an estimated 1,020,454 rural subscribers, on an estimated 277,730 miles of line.

Loan Funds Advanced to Borrowers. Funds advanced to telephone borrowers during fiscal year 1958 amounted to \$82,860,009, an increase of about 14% over the advances for 1957. Cumulative advances through June 30, 1958, totaled \$309,608,665.

Construction Progress. Construction during the year provided new or improved service to about 200,000 rural subscribers, on over 41,000 miles of line. On June 30, 1958, contracts and force account proposals had been approved for construction of about 37,000 additional miles. During fiscal year 1958, central office equipment installations were completed in 404 exchanges as compared to 340 during 1957.

Expedition of Construction. REA continued to encourage interest on the part of engineering firms to enter the rural telephone field and to acquaint borrower and engineering firm personnel with REA policies and requirements. Through these efforts, together with other contributing factors, the quality of the work of engineering firms has continued to improve. The standardization work of REA staff engineers, and the increased interest of equipment manufacturers in rural telephony as a market has helped to increase the pace of construction.

Loan Repayments. As of June 30, 1958, cumulative principal and interest payments amounted to \$13,408,952, with advance payments totaling \$709,920, and amounts overdue more than 30 days amounting to \$363,138. As of June 30, 1957 the cumulative principal and interest payments amounted to \$7,870,505 with advance payments totaling \$409,946 and amounts overdue more than 30 days amounting

to \$504,877. The situation in regard to overdue payments is improving. A major factor accounting for past overdue payments has been the delays in construction, especially the long delays in delivery of central office equipment. These delays resulted in payments becoming due before construction was completed.

Borrowers in operation. Many telephone borrowers face operating problems almost at the time of a loan. If these borrowers receive the proper amount of attention from REA from the beginning, there is much less risk of serious loan security problems developing in the future. The extent of these needs is shown by the fact that operations work was carried on with 611 borrowers during the fiscal year 1958 as compared with 551 the year before. In comparison, the number of borrowers who have cut over (modernized) REA-financed facilities, rose from 323 on June 30, 1957 to 439 on June 30, 1958.

Loan security problems. During the year intensive effort was devoted to individual borrowers who had not developed a level of operations adequate to assure loan repayment. These borrowers were helped with critical operating problems such as rates, operating budgets, personnel, connecting company agreements, etc. By helping or advising borrowers in matters such as negotiation of an adequate connecting company agreement they have been able to get more favorable terms that permit them to retain more of their toll receipts or pay less for such things as operator assistance service. This type of help from REA assists borrowers to put their operations on a sound financial operating basis. REA also has assisted borrowers in extending their service more rapidly in order to realize their full revenue potential as soon as possible and thereby improve their financial position.

Other Program Highlights. During the year, wire and cable design work by REA engineers reached the point where underground cable is practical under favorable conditions in many areas of the United States. New accessories to be used with underground cable have also been designed and manufactured. Many of the manufacturers of accessory products have contributed substantially in this regard. Large cable plows have been designed and are available which are capable of placing the wires or cables into the ground to required depth for satisfactory operation.

REA provided special assistance to a number of borrowers in meeting requests from Civil Aeronautics Administration offices for telephone communications to sites in the air-ground peripheral network and to other CAA installations. This involved continued liaison with CAA and representatives of the Bell System.

Activities on the part of REA borrowers involved in providing communication facilities for the Semiautomatic Ground Environment (SAGE) system of the Air Defense Command were accelerated during the year. As of the year-end, approximately 125 Independent Telephone

Companies were involved in the SAGE program and 36 of these were REA borrowers. REA assistance to these borrowers required a significant increase in activity by its staff specialists and line personnel in view of the increased complexity of the communication requirements involved, as well as active participation by a larger number of borrowers. Liaison activities with the Air Force and the Bell System were increased as a result of the added workload in this field.

Fiscal Year 1959

Since the inception of the rural telephone program in fiscal year 1950 loans have totaled over \$478 million. During this period the percentage of farms with telephone service has increased from about 38% to an estimated 60%. There is an increasing interest in modern telephone service in the remaining unserved areas and in the improvement of service in those areas where present facilities are inadequate and do not meet the needs for modern communications.

Applications. Applications on hand at the beginning of fiscal year 1959 totaled \$70,709,000. It is expected that additional applications totaling \$100,000,000 will be received during the fiscal year.

Loans. With \$5 $\frac{1}{2}$ million in carryover of unused funds and estimated recissions of prior loans added to the new authorization of \$92,500,000 for fiscal year 1959 there will be a total of approximately \$98,000,000 in loan funds for the rural telephone program this fiscal year. It is estimated that the \$98 million will be loaned during the year. These loans are expected to provide for new or improved service to 160,000 rural subscribers on an estimated 45,000 miles of line. Cumulative loans through 1959 will provide new or improved service to about 1,180,454 subscribers.

Loan funds advanced to borrowers. With the expected increase in construction activities, advances of funds are estimated at \$95,000,000 in 1959, an increase of more than \$12,000,000 over 1958. The total number of borrowers authorized for advance of funds will increase from 570 in 1958 to about 650 in 1959. The cumulative amounts advanced will rise to over \$404 million by the end of the year.

Subscribers served and construction progress. It is estimated that 120 borrowers will cut over (modernize) one or more of their exchanges in 1959, bringing total borrowers with exchanges cut over to 559; that 45,000 miles of line will be newly constructed or rebuilt, bringing the cumulative total to 190,000; and that 200,000 subscribers will get new or improved service during the year. It is estimated that by the end of 1959, about 797,000 rural subscribers will have received new or improved service through rural telephone loans.

Debt service payments. The cumulative amounts of interest and principal due will rise from \$13,091,218 through June 30, 1958, to about \$20,725,000 through June 30, 1959.

Borrowers in operation. The total number of borrowers will rise from 611 on June 30, 1958, to an estimated 681 by June 30, 1959. During fiscal year 1959, REA will continue to devote attention to helping borrowers secure and develop the best management available and attain their maximum revenue point as rapidly as possible. Attention will be concentrated on delinquent borrowers and on those experiencing unsatisfactory or adverse financial trends.

Cumulative statistics. The cumulative figures presented in the following tables show the progress that has been made in the rural telephone program since its inception in October 1949:

TELEPHONE

LOANS

Table No. III (cumulative figures)

Date	Borrowers	Total Net Loans	Estimated		
			Route Miles of Line to be Constructed or Improved	Subscribers to Receive new or Improved Service	
June 30, 1950	17	\$ 3,426,500	3,948	16,837	
June 30, 1951	113	41,255,000	41,288	155,816	
June 30, 1952	190	82,260,718	72,563	251,050	
June 30, 1953	219	118,144,218	88,337	302,597	
June 30, 1954	279	184,578,542	125,576	410,657	
June 30, 1955	351	234,180,542	157,751	515,683	
June 30, 1956	466	312,391,542	201,524	695,389	
June 30, 1957	551	391,139,542	241,681	863,329	
June 30, 1958	611	478,459,015	277,730	1,020,454	
June 30, 1959 (est.)	681	575,234,015	322,730	1,180,454	
June 30, 1960 (est.)	751	654,234,015	367,730	1,340,454	

TELEPHONE

CONSTRUCTION

Table No. IV (cumulative figures)

Date	Funds Advanced	Route Miles of Line		Subscribers Receiving	
		Constructed or Improved	Improved	New or Improved Service <u>a/</u>	
June 30, 1950	\$ - -	- -	- -	- -	
June 30, 1951	155,868	b/	b/	b/	
June 30, 1952	7,797,218	204	204	1,686	
June 30, 1953	31,662,022	8,243	8,243	24,729	
June 30, 1954	60,102,148	26,541	26,541	85,000	
June 30, 1955	99,889,134	45,498	45,498	148,000	
June 30, 1956	153,808,413	68,607	68,607	223,000	
June 30, 1957	226,748,656	103,064	103,064	397,000	
June 30, 1958	309,608,665	144,556	144,556	597,000	
June 30, 1959 (est.)	404,608,665	190,000	190,000	797,000	
June 30, 1960 (est.)	504,608,665	235,000	235,000	997,000	

a/ Estimated.

b/ Not available.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1958, were actually received or programmed for 1959 and 1960. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: : Obligations, : 1958	: Estimated : Obligations, : 1959	: Estimated : Obligations, : 1960
Obligations Under Reimbursements	:	:	:
From Governmental and Other	:	:	:
Sources:	:	:	:
Salaries and expenses	: \$13,816:	\$4,000:	- -



FARMERS HOME ADMINISTRATION

Purpose Statement

The Farmers Home Administration, established on November 1, 1946, pursuant to the Farmers Home Administration Act of 1946, approved August 14, 1946, conducts the following activities:

1. Makes direct and insured farm ownership loans to farm tenants, farm laborers, sharecroppers and other individuals, including farm owners, for the purchase, enlargement or development of family-type or the development of less than family-type farms. Loans are also made for the refinancing of existing indebtedness. Direct loans at not to exceed 5% interest amortized over 40 years, are made in amounts up to the normal value of a farm as improved based on long-term earning capacity values. Loans for the same purposes advanced by private lenders to eligible applicants are insured in amounts up to 90% of the normal value of the farm and necessary improvements for periods up to 40 years at not more than 4% interest, plus one-half of 1% as an insurance premium and one-half of 1% toward administrative expenses. The Administration services the insured loans, and remits payments to the lenders.
2. Makes farm operating (production and subsistence) loans to farmers and stockmen for farm operating expenses and for other farm needs, including the refinancing of indebtedness, and family subsistence. Loans are made up to \$10,000 for 1 to 7 years at 5% interest with a limit of \$20,000 on the total indebtedness and 10 years during which loans may be made to any farmer.
3. Makes direct and insured soil and water conservation loans for the effective development and utilization of water supplies and for the improvement of farm land by soil and water conserving facilities and practices. Direct loans are made to farmers and associations for periods up to 20 years for individuals and 40 years for associations. Loans advanced by private lenders for the same periods of time and for the same purposes are insured. Interest rates on direct loans are administratively set the same as farm ownership loans. On insured loans there is an additional one-half of 1% charge as an insurance premium and one-half of 1% as an administrative expense charge.
4. Makes farm housing loans to farm owners for the construction, improvement, alteration, repair or replacement of dwellings and other farm buildings for periods up to 33 years at 4% interest.
5. Makes emergency loans to farmers and stockmen in designated areas where a disaster has caused a need for agricultural credit not readily available from commercial banks, cooperative lending agencies, the Farmers Home Administration's regular loan programs, or other responsible sources. Production emergency and economic emergency loans are made at 3% interest for periods consistent with the ability of the borrower to repay, usually for one year. Special

loans to established livestock producers are made at 5% interest for periods not exceeding three years. Since July 14, 1957, these loans may be made only to producers already indebted for this type of loan.

6. Makes watershed loans, on watershed projects to local organizations for installing, repairing or improving works of improvement and water storage facilities, purchasing sites or rights of way and for related costs. Loans are made for periods up to 50 years at an interest rate based on specified outstanding obligations of the Treasury. Total loans outstanding on any one watershed project may not exceed \$5,000,000. Funds for these loans are appropriated under "Watershed protection, Soil Conservation Service".

Technical guidance in planning and carrying out sound farm operations is provided borrowers on the basis of their individual problems and needs. No loan is made to anyone who can secure adequate credit from other sources at reasonable rates. A local county committee of 3 (2 of whom must be farmers) is required to approve each applicant and each loan. In the case of real estate loans, this committee also certifies to the value of the farm.

On July 1, 1958, the Administration was servicing the accounts of about 228,000 individual borrowers with outstanding indebtedness of \$1,124,495,000 principal and interest.

The Farmers Home Administration maintains its central office in Washington with program activities decentralized to 43 State offices (a few of which service two or more states), about 1,540 county offices serving all agricultural counties, and a Finance Office in St. Louis, Missouri. The Farmers Home Administration on November 30, 1958, had 5,383 full-time and temporary employees, 210 of whom were in Washington, and the balance in the field, and 9,111 State and county committeemen who are part-time employees paid an average of 8 to 10 days a year.

	Estimated Available, 1959	Budget Estimate, 1960
Borrowing authorizations:		
Farm ownership	\$24,000,000	\$12,000,000
Farm operating (production and subsistence)	180,000,000	160,000,000
Soil and water conservation	5,500,000	1,000,000
Total loans	a/ 209,500,000	173,000,000
Appropriated funds:		
Salaries and expenses	31,300,000	31,300,000

- a/ In addition, obligations for farm housing loans are estimated at \$60,000,000 in the fiscal year 1959 and \$12,000,000 in the fiscal year 1960 from the authorization of \$450,000,000 provided in Public Law 1020, approved August 7, 1956, for the period 1957-1961.

(a) Loan Authorizations

Appropriation Act, 1959, and base for 1960	a/ \$209,500,000
Budget Estimate, 1960	173,000,000
Decrease	<u>-36,500,000</u>

SUMMARY OF DECREASES, 1960

Decrease in borrowing authorization for farm ownership loans..	-12,000,000
Decrease in borrowing authorization for farm operating loans..	-20,000,000
Decrease in borrowing authorization for soil and water conservation loans	- 4,500,000

Note: In addition, a decrease of \$48,000,000 is estimated in obligations for farm housing loans. Estimated loans totaling \$12,000,000 will be financed from balances carried over from 1959 of the \$450,000,000 authorization provided in Public Law 1020, 84th Congress.

PROJECT STATEMENT
(On an available funds basis)

Project	1958	1959 (estimated)	Decrease	1960 (estimated)
<u>Loan Authorizations:</u>				
1. Farm ownership loans	\$23,998,086	\$24,000,000	-\$12,000,000(1)	\$12,000,000
2. Farm operating loans (production and subsistence) ...	175,789,583	180,000,000	-20,000,000(2)	160,000,000
3. Soil and water conservation loans	4,563,096	5,500,000	-4,500,000(3)	1,000,000
4. Farm housing loans :	33,065,871	60,000,000	-48,000,000(4)	12,000,000
Total obligations	237,416,636	a/ 269,500,000	-84,500,000	185,000,000
Unobligated balance carried forward	397,459,316	337,459,316	-12,000,000	325,459,316
Unobligated balance no longer available	5,149,235	- -	- -	- -
Unobligated balance brought forward	-430,139,387	-397,459,316	+60,000,000	-337,459,316
Recovery of prior-year obligations	-385,800	- -	- -	- -
Total authorization or estimate	209,500,000	a/ 209,500,000	-36,500,000	173,000,000

a/ In addition, contingency fund of \$20,000,000 is available for farm ownership and farm operating loans of which not to exceed \$5,000,000 may be used for farm ownership loans.

DECREASES

The decrease in total loan obligations of \$84,500,000 (\$36,500,000 under loan authorization carried in Agricultural Appropriation Bill and \$48,000,000 in housing loans under authorization contained in Public Law 1020, 84th Congress) consists of:

(1) A decrease of \$12,000,000 for direct farm ownership loans - This reduction is based primarily on the anticipated increased availability of insured loan funds in 1960 and the expiration of the statutory authority for loans primarily for refinancing. The need for direct farm ownership loan funds is very closely related to the adequacy of funds from private lenders for insured loans. During fiscal year 1959, the general high level of interest rates has created a shortage of funds for insured loans based on the interest return of $3\frac{1}{2}$ percent to the lender. Some funds have continued to be available from local lending sources including state retirement funds, etc. In addition the Farmers Home Administration has utilized the State Rural Rehabilitation Corporation trust funds in substantial amounts during fiscal year 1959 to make insured loans. Public Law 85-748 includes amendments to Title I of the Bankhead-Jones Farm Tenant Act and the Water Facilities Act, which permit the making of loans from the Farm Tenant-Mortgage Insurance Fund in order to aggregate loans into blocks which can more readily be sold in this manner on an insured basis to private lenders. While the statute conditions this authority on reasonable assurance that the loans can be sold without undue delay, many lenders have indicated their interest in the purchase of insured loans in blocks as an alternative to issuing a check for each loan as an individual loan is ready to close. In order to secure the needed participation of private lenders in the insured loan program and to effectuate the statutory authority, the interest return to the lender on insured loans was increased December 22, 1958 from $3\frac{1}{2}$ percent to 4 percent. The charge of one percent for insurance and administrative costs was not changed.

This change in interest return to the lender is expected to produce a substantially increased volume of funds from private lenders and also to permit the making of insured loans in all areas of the country. The statutory formula prescribed for distribution of direct loan funds among the States and Territories has made it difficult and sometimes impossible to meet the need and demand for loans as it develops in each State and Territory within the direct loan authority even if funds are otherwise available in total. This difficulty largely can be overcome by the use of the insured loan authority which is available under the statute under a much more liberal distribution formula than applicable to direct loans.

By Public Law 878 approved August 1, 1956, the Congress authorized the making and insuring of farm ownership loans primarily for refinancing the existing indebtedness of an applicant without regard to any need for enlargement or development of the farm unit. Prior to that time, refinancing of existing indebtedness could only be undertaken as an incidental part of a loan being made primarily for other purposes. The authority to make and insure loans primarily for refinancing expires on June 30, 1959. The substantial portion of direct loan funds currently being utilized for making loans under this authority will not be needed for this purpose in 1960 and subsequent years. Also insured loan funds will not be needed for this purpose.

In recent years there has been a reduction in the proportion of the direct and insured farm ownership funds used for loans to purchase farms. The continued inflated prices for farm land makes it essential that loans for the purchase of farms be limited to those situations where the applicant for one reason or another is able to secure an unusually favorable price advantage.

(2) A decrease of \$20,000,000 for farm operating loans - During the fiscal year 1958 when \$180,000,000 was available, slightly less than \$176,000,000 was obligated. This represents the first time over a long period of years that the demand for operating loans has not exceeded substantially the funds available. The reduced demand in 1958 has continued into fiscal year 1959 as evidenced by the fact that applications for loans in the early months of fiscal year 1959 were even lower than in the previous fiscal year. While the total dollar demand is less, there has been an increase in the average size of loans reflecting the need for operators to make a greater investment in equipment and livestock and to expend increasingly larger amounts for operating expenses.

The number of farmers indebted for operating loans has decreased in recent years. A further reduction in the number of operating loan borrowers is indicated based on the substantial volume of repayments in fiscal year 1959 to date. This reduced borrower-load is expected to result in a reduced demand for subsequent credit assistance in 1960 compared to 1959.

(3) A decrease of \$4,500,000 for soil and water conservation loans - Applicants eligible for direct soil and water conservation loans are also eligible for insured loans. For this reason the anticipated adequacy of insured loan funds through increase in the interest return to the lender from $3\frac{1}{2}$ percent to 4 percent will limit the need for direct loan funds in 1960 to those situations where insured loan funds may be temporarily unavailable or where individual state laws may make it desirable to use the direct loan authority rather than the insured loan authority for some association loans. There has been a substantially reduced demand for soil and water conservation loans, apparently due primarily to the more adequate rainfall in recent years which has caused farmers to be less interested in irrigation facilities and less desirous of expending funds for soil and water conserving practices.

(4) A reduction of \$48,000,000 estimated for farm housing loans - This reduction is expected to be offset and ameliorated almost entirely through reduced demand and through alternative sources of financing. Farm housing loans during fiscal year 1959 are estimated at \$60,000,000, the highest dollar volume of loans in any year since the authorization of \$450,000,000 for the period 1957-61 became available. Loans in 1958 were about \$33,000,000 and in 1957 about \$21,000,000. The estimated increased volume in 1959 results from a change in eligibility requirements in March 1958 as an anti-recession measure. These changes permitted the making of loans to individuals living on small tracts of land who are producing a small volume of agricultural commodities for sale or home use (not less than \$400 at 1944 prices). Also, the requirement that the applicant receive a substantial portion of his cash income from the sale of agricultural commodities grown on the farm was removed. These changes in eligibility requirements have created a substantial volume of applications from individuals, many of whom had sought loans in the past

but who were not eligible for assistance under the regulations then in existence. A review of the application situation, however, seems to indicate that probably there will be a substantial decline in demand from such applicants in 1960 and subsequent years. In other words, such additional demand as might be expected because of the broadened eligibility requirements will have been substantially met in fiscal year 1959.

As indicated under the explanation of the decrease for farm ownership loans, it is expected that ample insured loan funds will be assured in 1960 as a result of the increase in the interest return to the lender to the more attractive rate of 4 percent. The Farmers Home Administration in the past has made a large volume of loans for the construction, improvement, repair or replacement of farm dwellings and other farm buildings through insured farm ownership loans which are available interchangeably with respect to family-type farms and in many instances may be used for making loans for these purposes on less than family-type farms and on larger than family-type farms. In some respects the utilization of the Bankhead-Jones Farm Tenant Act authority for this purpose is more advantageous than the authorities contained in the Housing Act of 1949 principally because some proposed loans cannot be developed successfully under the latter authority since there is no provision for refinancing existing indebtedness the applicant may have on his farm. Such refinancing, and consolidating of indebtedness can be undertaken under the Bankhead-Jones Farm Tenant Act where necessary to the success of the loan.

CHANGE IN LANGUAGE

The estimates include a proposed change in language as follows (new language underscored; deleted matter enclosed with brackets):

* * * For loans * * * Title I and section 43 of title IV of the Bankhead-Jones Farm Tenant Act, as amended, [\$24,000,000] \$12,000,000, * * * title II of the Bankhead-Jones Farm Tenant Act, as amended, [\$180,000,000] \$160,000,000; the Act of August 28, 1937, as amended, [\$5,500,000] \$1,000,000: Provided, That not to exceed the foregoing several amounts shall be borrowed in one account from the Secretary of the Treasury in accordance with the provisions set forth under this head in the Department of Agriculture Appropriation Act, 1952 [;Provided further, That an additional amount, not to exceed \$20,000,000, may be borrowed under the same terms and conditions to the extent that such amount is required during fiscal year 1959 under the then existing conditions for the expeditious and orderly conduct of the loan programs under the Bankhead-Jones Farm Tenant Act, as amended, not to exceed \$5,000,000 of which shall be available for loans under title I and section 43 of title IV of such Act, as amended].

The proposed language change would eliminate the contingency loan authorization language contained in the 1959 Appropriation Act since the estimated loan programs for fiscal year 1960 do not anticipate the need for any contingency funds.

(b) Salaries and Expenses

Appropriation Act, 1959	\$29,089,500
Proposed supplemental, 1959 for pay act costs	2,210,500
Transferred from Farm Tenant-Mortgage Insurance Fund	<u>1,000,000</u>
Base for 1960	32,300,000
Budget Estimate, 1960	
Direct Appropriation	\$31,300,000
Transferred from Farm Tenant-	
Mortgage Insurance Fund	<u>1,000,000</u>
Total Budget Estimate	<u>32,300,000</u>

PROJECT STATEMENT

Project	1958	1959 (estimated)	1960 (estimated)
Administration of direct and insured loan programs	\$29,847,479	\$32,300,000	\$32,300,000
Unobligated balance	18,021		
Total pay act costs (P. L. 85-462)	[1,119,137]	[2,517,000]	[2,517,000]
Total available or estimate ..	29,865,500	32,300,000	32,300,000
Transfer from "Farm Tenant-Mortgage Insurance Fund" ..	-776,000	-1,000,000	-1,000,000
Subtotal	29,089,500	31,300,000	31,300,000
Transferred from "Conservation reserve, soil bank programs, agriculture	+1,124,100		
Proposed supplemental due to pay increases		-2,210,500	
Total appropriation or estimate	30,213,600	29,089,500	

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored; deleted matter enclosed with brackets):

For making, servicing, and collecting loans and insured mortgages, *** and other administrative expenses, [~~\$29,089,500~~] \$31,300,000, together with a transfer of not to exceed [~~\$1,000,000~~] \$1,100,000 of the fees and administrative expense charges made available by subsections (d) and (e) of section 12 of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1005 (b)), and section 10 (c) of the Act of August 28, 1957, as amended.

The change in language would increase the amount authorized to be transferred to this appropriation from the Farm Tenant-Mortgage Insurance Administrative Fund from \$1,000,000 to \$1,100,000. Receipts to this fund in 1959 available for administrative expenses in 1960, are estimated at about \$1,000,000 but the amount of \$1,100,000 has been included in the

language to provide for possible increased activity beyond present estimates with resulting increased receipts to the fund. In such event, administrative expense requirements to service the added loans would necessarily increase.

STATUS OF PROGRAM

Direct and Insured Farm Ownership Loans

A total of \$24,000,000 was authorized in 1958 for direct farm ownership loans. Of the total amount authorized, \$2,495,670 was allocated exclusively for loans on reclamation projects and to entrymen on unpatented public lands. The remaining \$21,504,330 was made available among the States and Territories in accordance with the statutory formula for the distribution of funds based on farm population and prevalence of tenancy.

The appropriation Act for 1959 provides for borrowing \$24,000,000 from the Secretary of the Treasury for direct farm ownership loans. In addition, the Act further provides a contingency borrowing authorization of \$20,000,000 of which not to exceed \$5,000,000 may be used for direct farm ownership loans. Not more than \$2,500,000 of the total available is authorized to be distributed to States and Territories without regard to farm population and prevalence of tenancy for loans on reclamation projects and to entrymen on unpatented public land.

There was an extreme shortage of funds from private lenders for insured loans during the early months of fiscal year 1958. However, in the latter months starting with March 1958, funds became available in ample quantity and from numerous investors so that no loan was held up because of lack of insured loan funds. During the early months of fiscal year 1959, ample funds were still available, but starting about September 15, 1958 funds again became scarce due to the relatively low interest return. More ample funds are anticipated during the last half of 1959 and in 1960 based on an increase in the interest return to lenders from 3-1/2 to 4 percent and an increase in the charge to the borrower from 4-1/2 to 5 percent.

1. Use of Loan Funds: The provision included under Public Law 878, approved August 1, 1956, which authorized the making of loans primarily for refinancing has been used less extensively than originally anticipated although the authority has been most helpful in assisting owners to retain their farms. About \$18,100,000 in 1957 and \$14,100,000 in 1958 was loaned for this purpose. This is respectively about 24 percent and 28 percent of the total dollar volume of loans in these years. The percent of funds for this purpose in 1959 is expected to be less. The authority expires on June 30, 1959.

There was no significant difference in 1958 over 1957 in the comparative use of funds for family-type and less than family-type loans.

The following tabulation shows the number and amount of loans on family-type farms and less than family-type farms made during 1957, 1958 and estimated for 1959:

Initial Loans on Family-type Farms

<u>Fiscal Year</u>	<u>Direct</u>		<u>Insured</u>		<u>Total</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
1957	2,541	\$37,202,849	1,731	\$23,922,394	4,272	\$61,125,243
1958	1,226	18,994,570	1,400	21,093,494	2,626	40,088,064
1959(Est.)	1,230	19,200,000	2,285	34,400,000	3,515	53,600,000

Initial Loans on Less Than Family-type Farms

<u>Fiscal Year</u>	<u>Direct</u>		<u>Insured</u>		<u>Total</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
1957	580	\$5,074,445	512	\$4,124,895	1,092	\$9,199,340
1958	289	2,637,938	486	4,236,927	775	6,874,865
1959(Est.)	255	2,300,000	685	6,000,000	940	8,300,000

Total Family-type and Less Than Family-type Farms

Fiscal
Year

1957

Initial	3,121	\$42,277,294	2,243	\$28,047,289	5,364	\$70,324,583
Subsequent	<u>506</u>	<u>3,130,292</u>	<u>151</u>	<u>971,544</u>	<u>657</u>	<u>4,101,836</u>
Total	3,627	45,407,586	2,394	29,018,833	6,021	74,426,419

1958

Initial	1,515	\$21,632,508	1,886	\$25,330,421	3,401	\$46,962,929
Subsequent	<u>350</u>	<u>2,365,578</u>	<u>139</u>	<u>939,751</u>	<u>489</u>	<u>3,305,329</u>
Total	1,865	23,998,086	2,025	26,270,172	3,890	50,268,258

1959 (Est.)

Initial	1,485	\$21,500,000	2,970	\$40,400,000	4,455	\$61,900,000
Subsequent	<u>375</u>	<u>2,500,000</u>	<u>240</u>	<u>1,600,000</u>	<u>615</u>	<u>4,100,000</u>
Total	1,860	24,000,000	3,210	42,000,000	5,070	66,000,000

2. Applications: A total of 22,533 applications for new farm ownership loans were received in 1958. At the end of the year, 12,471 applications were on hand. About 64 percent of the applications on hand were from individuals who appeared to qualify only for direct loans because of a 90 percent limitation on insured loans. During 1959 the same policy will be followed with respect to veterans' preference as in 1958. Veterans will continue to receive preference as set forth in the statute, but State Offices will not be required to hold up loan making entirely at times during the year anticipating veteran applications and the development of veteran loan dockets.

3. Loans:

A. Direct Loans

Since inception of the program in 1938 to June 30, 1958, approximately 69,501 loans for more than \$525,605,785 have been made. This number and amount does not include non-cash loans previously made in the liquidation of rural rehabilitation project properties which are also included as farm ownership loans on the loan accounts of the

Administration. In the 1958 fiscal year, initial loans were made to 1,515 families in the amount of \$21,632,508, including 128 loans in the amount of \$2,431,640 made to settlers on reclamation projects. Subsequent loans to existing borrowers and loan cost items accounted for the balance of \$2,365,578.

Direct initial loan activity under the distribution formula and for reclamation projects is shown on the following tables:

Initial Loans Under Distribution Formula

<u>Fiscal Year</u>	<u>Initial Veteran Loans</u>		<u>Percent Loans to Veterans (Number)</u>	<u>Total All Initial Loans</u>	
	<u>Number</u>	<u>Amount</u>		<u>Number</u>	<u>Amount</u>
1947	3,012	\$23,549,776	55	5,489	\$41,682,243
1948	1,448	10,524,445	79	1,829	13,422,448
1949	1,460	10,827,510	78	1,867	13,739,182
1950	1,685	13,374,443	99	1,705	13,534,927
1951	1,734	15,661,003	97	1,793	16,160,877
1952	1,344	13,853,283	98	1,369	14,045,461
1953	1,251	13,668,515	98	1,275	13,865,989
1954	1,274	13,886,375	98	1,305	14,154,715
1955	1,281	14,458,706	98	1,301	14,624,996
1956	1,121	14,498,320	95	1,186	15,241,630
1957	1,684	23,820,452	57	2,938	39,183,879
1958	1,053	15,257,195	76	1,387	19,200,868

Initial Loans on Reclamation Projects

1951	150	1,692,142	67	223	2,556,722
1952	104	1,367,884	64	163	2,117,654
1953	102	1,562,084	71	144	2,167,504
1954	150	2,344,645	76	197	3,060,375
1955	116	1,882,821	76	153	2,422,176
1956	86	1,442,430	86	100	1,650,445
1957	147	2,520,705	80	183	3,093,415
1958	107	2,043,970	84	128	2,431,640

B. Insured Loans:

During 1958, insured loan activity totaled \$26,270,172 not including \$846,764 used to refinance existing insured indebtedness when a subsequent loan was being made. Insured farm ownership loans in 1959 are estimated to total \$42,000,000 compared to \$26,270,172 in 1958.

Insured initial loan activity since 1948 through 1958 is shown in the following table:

<u>Fiscal Year</u>	<u>Initial Veteran Loans</u>		<u>Percent Loans to Veterans (Number)</u>	<u>Total All Initial Loans</u>	
	<u>Number</u>	<u>Amount</u>		<u>Number</u>	<u>Amount</u>
1948	58	\$357,550	17	338	\$2,412,837
1949	316	2,020,910	28	1,149	7,937,241
1950	695	4,917,886	32	2,191	16,579,690
1951	641	4,871,340	30	2,150	17,555,650
1952	238	2,031,770	22	1,097	10,380,285
1953	280	2,837,292	27	1,041	10,505,566
1954	216	2,469,462	24	885	9,648,978
1955	891	10,001,289	31	2,864	31,326,298
1956	848	10,328,874	27	3,097	36,424,445
1957	587	7,607,966	26	2,243	28,047,289
1958	376	5,296,910	20	1,886	25,330,421

See Tables I, II, III and IV for loan distribution by States

Total Direct and Insured Initial and Subsequent Farm Ownership Loans

<u>Fiscal Year</u>	<u>Direct Loans</u>	<u>Insured Loans</u>	<u>Total Loans</u>
1948	\$14,053,888	\$2,412,837	\$16,466,725
1949	14,755,530	7,937,241	22,692,771
1950	14,790,348	16,586,860	31,377,208
1951	21,721,296	17,596,050	39,317,346
1952	18,830,327	10,493,008	29,323,335
1953	18,871,453	10,681,721	29,553,174
1954	19,296,484	9,751,541	29,048,025
1955	18,879,019	31,584,829	50,463,848
1956	18,848,747	37,736,173	56,584,920
1957	45,407,586	29,018,833	74,426,419
1958	23,998,086	26,270,172	50,268,258

4. Loan Repayments:

A. Direct Loans

From the inception of the farm ownership program in 1938 through March 31, 1958, a total of 76,086 families had been advanced \$551,016,285 (these amounts include non-cash loans previously made in the liquidation of rural rehabilitation projects properties which are also included as farm ownership loans on the loan accounts of the Administration, and other non-cash loans resulting from the sale to approved applicants of properties received through liquidation of other loans) for the purchase, enlargement and development of farms including the refinancing of existing indebtedness. Principal payments of \$309,490,948 and interest payments of

\$99,110,998 had been made. In addition, principal write-offs totaled \$2,270,670 and judgments were \$490,388. As of March 31, 1958, cumulative scheduled installments of \$88,071,494 were due from 31,540 individuals with outstanding loan balances, but regular principal and interest payments made on these installments were \$92,077,539 which was 5 percent, or \$4,006,045 more than required on a schedule amortization basis. An additional \$9,240,134 in refunds and extra payments not applied to scheduled installments were credited to these borrowers' accounts. On the same date, 16,134 borrowers were \$9,291,534 ahead of schedule, an average of \$576 each; 8,886 were on schedule; and 6,520 were behind schedule \$5,285,489, an average of \$811. A total of 44,546 of the 76,086 families who had received loans had paid their loans in full as of March 31, 1958. Of this number 27,163, or about 61 percent, continued to operate the farms acquired or improved through this program. The remaining 17,383 fully satisfied their accounts but no longer operated the farms.

See Table V for distribution by States

B. Insured Loans

As of March 31, 1958, \$182,580,182 had been advanced under the insured mortgage program to 17,685 farm families for the purchase, enlargement and development of farms including the refinancing of existing indebtedness. Payments by insured loan borrowers totaled \$56,936,943 as of the same date. Of this amount, \$33,165,995 represented principal payments, \$17,774,108 payments on interest, and \$5,996,840 payments to the mortgage insurance fund. As of March 31, 1958, 2,516 borrowers had paid their loans in full. Of those with unpaid balances, 7,409 were ahead of schedule, 5,590 were on schedule, and 2,170 were behind schedule.

See Table VI for distribution by States

5. Progress of Borrowers: Records from 2,241 borrowers with accounts outstanding in 1958 who received loans in 1952 showed gross cash income increasing since the year before acceptance from \$5,016 to \$8,145. Net worth of these borrowers increased from \$8,850 to \$10,862, and value of livestock and equipment increased from \$5,788 to \$7,197.



Table I - Farm Ownership Initial Loans: Total Initial Loan Applications and Number of Initial Direct and Insured Loans,
1957 and 1958 Fiscal Years and Cumulative From Inception of Program

State and territory	1957 fiscal year					1958 fiscal year					Direct loans made 1938 through 1956 fiscal years			Insured commitments 1948 through 1956 fiscal years								
	Number of loan applications			Number of direct loans made	Number of insured commitments	Number of loan applications			Number of direct loans made	Number of insured commitments	1938 through 1956 fiscal years		Number	Average amount \$1/	Number	Average amount \$1/						
	On hand beginning of year	Received during year	Total for consideration			On hand beginning of year	Received during year	Total for consideration			On hand end of period	Number										
U. S. Total.....	13,471	34,839	48,310	3,121	2,243	17,267	22,533	39,800	12,471	1,515	1,886	69,501	12	\$7,534	18,941	13	18,941	\$10,563				
Alabama.....	633	1,398	2,031	153	73	693	925	1,618	446	71	20	4,431	1	5,632	585	1	585	7,536				
Arizona.....	19	46	65	7	9	10	33	43	12	0	1	120	1	13,091	40	1	40	17,474				
Arkansas.....	207	1,306	1,513	107	69	295	920	1,215	228	70	100	3,531	5	5,352	525	5	525	6,201				
California.....	40	418	458	43	5	80	150	230	38	11	8	525	11	11,142	97	11	97	13,851				
Colorado.....	143	457	600	24	27	208	230	438	130	11	20	456	1	11,568	238	1	238	13,104				
Connecticut.....	3	23	26	5	0	8	11	19	3	4	1	50	10	10,286	12	10	12	10,664				
Delaware.....	14	23	37	31	0	22	13	35	18	0	0	91	7	7,495	12	7	12	10,274				
Florida.....	184	473	657	31	69	169	269	438	143	22	33	648	5	6,916	293	5	293	9,209				
Georgia.....	888	1,892	2,780	206	64	1,218	1,119	2,337	851	88	63	5,442	5	5,468	931	5	931	8,499				
Idaho.....	190	697	887	110	22	349	333	682	181	66	8	1,003	12	12,692	226	12	226	12,250				
Illinois.....	191	568	759	88	27	213	350	563	144	28	36	1,184	10	10,160	245	10	245	12,208				
Indiana.....	503	655	1,158	65	41	389	529	918	345	25	48	1,037	10	10,287	362	10	362	14,627				
Iowa.....	428	803	1,231	74	34	502	494	996	334	32	41	1,498	11	11,069	553	11	553	14,132				
Kansas.....	406	791	1,197	69	49	419	397	816	189	25	41	1,343	10	10,440	598	10	598	12,426				
Kentucky.....	365	1,020	1,385	79	39	599	792	1,391	556	47	25	1,383	8	8,843	274	8	274	11,679				
Louisiana.....	305	609	914	110	32	436	403	839	276	72	45	2,038	6	6,813	374	6	374	8,309				
Maine.....	104	294	398	17	43	95	325	420	110	14	64	238	8	8,410	421	8	421	9,018				
Maryland.....	55	167	222	18	8	96	116	212	93	12	5	377	8	8,686	91	8	91	9,918				
Massachusetts.....	16	47	63	7	1	10	13	23	12	1	2	101	9	9,175	17	9	17	10,677				
Michigan.....	198	565	763	35	66	212	340	552	189	15	28	985	7	7,448	607	7	607	11,740				
Minnesota.....	366	1,301	1,667	63	80	388	757	1,145	271	33	42	2,561	6	6,457	583	6	583	8,834				
Mississippi.....	868	2,035	2,903	257	140	978	1,223	2,201	659	91	129	4,938	6	6,450	1,054	6	1,054	8,444				
Missouri.....	818	2,440	3,258	172	133	1,268	1,670	2,938	951	96	104	3,195	7	7,733	1,310	7	1,310	9,856				
Montana.....	98	458	556	24	36	182	216	398	113	12	56	463	9	9,148	204	9	204	13,998				
Nebraska.....	415	597	1,012	41	58	435	322	757	318	20	12	1,036	11	11,434	279	11	279	12,525				
Nevada.....	3	37	40	1	2	5	24	29	5	0	3	50	12	12,032	12	12	12	13,206				
New Hampshire.....	24	52	76	6	0	21	48	69	15	7	0	66	9	9,187	17	9	17	10,243				
New Jersey.....	19	250	269	14	27	54	95	149	35	11	22	287	10	10,220	167	10	167	10,631				
New Mexico.....	48	244	292	7	55	41	147	188	28	2	21	280	12	12,015	210	12	210	15,613				
New York.....	99	535	634	39	10	208	323	531	162	16	19	761	7	7,188	271	7	271	8,719				
North Carolina.....	1,050	1,862	2,912	162	69	937	1,399	2,336	702	76	77	4,007	6	6,278	905	6	905	8,914				
North Dakota.....	732	1,811	2,543	71	225	1,224	906	2,130	664	47	160	884	10	10,487	1,029	10	1,029	15,180				
Ohio.....	193	725	918	65	24	303	555	858	252	21	26	1,241	9	9,085	263	9	263	11,473				
Oklahoma.....	501	1,196	1,697	74	127	550	634	1,184	441	32	72	3,305	6	6,848	607	6	607	10,874				
Oregon.....	27	243	270	33	6	95	154	249	81	15	14	563	9	9,192	147	9	147	13,122				
Pennsylvania.....	176	726	902	64	46	294	467	761	246	16	42	1,070	7	7,267	526	7	526	9,095				
Rhode Island.....	1	6	7	0	0	0	0	4	1	0	0	5	8	8,514	0	8	0	0				
South Carolina.....	214	565	779	84	28	274	423	697	205	52	12	2,763	5	5,448	387	5	387	7,643				
South Dakota.....	344	694	1,038	51	46	498	280	778	258	19	69	826	10	10,663	450	10	450	14,916				
Tennessee.....	512	1,294	1,806	166	82	793	1,081	1,874	598	91	81	2,537	6	6,969	633	6	633	9,207				
Texas.....	594	1,276	1,870	135	46	759	807	1,566	627	51	30	5,266	8	8,647	734	8	734	10,937				
Utah.....	105	327	432	29	17	168	173	341	111	13	26	427	11	11,711	132	11	132	13,783				
Vermont.....	32	138	170	6	5	35	138	173	49	9	1	202	7	7,935	42	7	42	8,631				
Virginia.....	204	693	897	44	44	277	478	755	167	25	24	1,237	7	7,320	313	7	313	11,778				
Washington.....	160	651	811	75	23	302	654	956	266	74	100	810	13	13,262	362	13	362	13,706				
West Virginia.....	121	471	592	13	55	134	413	547	140	9	23	710	6	6,238	228	6	228	9,506				
Wisconsin.....	294	1,220	1,514	120	89	489	893	1,382	442	33	74	2,028	6	6,550	1,303	6	1,303	9,890				
Wyoming.....	37	250	287	21	38	73	102	175	46	13	12	357	10	10,819	93	10	93	17,148				
Alaska.....	2	14	16	5	0	2	6	8	1	0	0	19	17	17,543	2	17	2	20,502				
Hawaii.....	96	123	219	29	10	119	28	147	25	8	0	305	7	7,726	96	7	96	11,070				
Puerto Rico.....	387	338	725	1	24	310	310	620	270	3	46	806	5	5,664	81	5	81	9,001				
Virgin Islands.....	39	15	54	0	0	28	11	39	24	0	0	15	10	10,451	0	10	0	0				

Note: This table includes loans for the purchase, enlargement, development or improvement of farms and loans primarily for refinancing purposes from Federal funds and such loans advanced by private lenders which are insured by the Government.

1/ Average amount of initial and subsequent loans.



Table II - Farm Ownership Initial Loans: Initial Loan Applications From Veterans Only, Number of Initial Direct and Insured Loans and Average Amount, 1957 and 1958 Fiscal Years and Cumulative From 1945

State and territory	1957 fiscal year						1958 fiscal year						Direct loans made 1945 through 1958 fiscal years						Insured commitments 1948 through 1958 fiscal years	
	Number of loan applications			Insured commitments			Number of loan applications			Direct loans made			Insured commitments			Number			Average amount	
	On hand beginning of year			Received during year			On hand beginning of year			On hand beginning of year			On hand beginning of year			On hand beginning of year			On hand beginning of year	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
U. S. Total.....	6,713	15,146	21,859	1,831	\$14,336	587	\$12,561	7,743	10,807	18,550	5,776	1,160	\$14,915	376	\$14,088	21,287	\$10,524	5,146	\$10,478	
Alabama.....	305	623	928	72	10,707	14	6,755	291	403	694	162	48	9,389	2	6,775	1,022	8,301	163	7,387	
Arizona.....	9	18	27	6	13,917	4	15,657	3	13	16	7	0	0	0	0	77	0	17	19,122	
Arkansas.....	121	582	703	60	8,621	27	6,233	151	414	565	109	53	7,292	18	3,601	1,024	6,545	115	5,517	
California.....	20	163	183	20	15,435	1	11,650	27	48	75	11	4	28,190	3	16,733	169	12,971	33	14,641	
Colorado.....	77	212	289	12	17,040	5	20,776	101	137	238	79	5	16,190	8	11,945	160	13,956	59	12,408	
Connecticut.....	0	11	11	2	11,025	0	0	4	5	9	1	4	17,050	0	0	25	11,643	1	9,625	
Delaware.....	5	9	14	1	8,000	0	0	9	1	10	5	0	12,238	0	0	26	9,320	1	5,100	
Florida.....	89	216	305	29	10,474	15	10,708	84	141	225	66	18	12,238	0	0	310	9,179	112	8,996	
Georgia.....	381	708	1,089	81	11,301	21	8,017	466	467	953	329	62	12,130	12	10,048	1,067	7,610	295	7,610	
Idaho.....	100	391	491	100	18,109	7	14,689	178	245	423	106	65	19,051	0	0	691	14,514	49	12,704	
Illinois.....	99	258	357	37	13,639	12	14,408	92	164	256	75	19	16,728	4	16,116	293	11,802	54	12,823	
Indiana.....	258	325	583	35	18,713	11	18,363	207	238	445	164	21	16,338	10	19,424	304	12,836	63	15,761	
Iowa.....	217	379	596	41	21,034	13	19,833	239	259	498	170	29	21,124	7	18,480	466	14,921	109	15,827	
Kansas.....	211	337	548	39	17,467	4	16,220	207	203	410	208	18	18,173	8	13,451	507	12,534	106	13,862	
Kentucky.....	198	532	730	42	15,468	15	15,407	320	442	762	293	41	17,125	6	13,892	358	12,680	60	11,900	
Louisiana.....	142	259	401	49	10,303	9	6,408	205	179	384	116	34	9,720	9	7,200	457	9,115	103	8,022	
Maine.....	51	121	171	16	11,009	6	13,867	32	142	174	52	12	15,046	14	13,584	182	8,923	169	8,981	
Maryland.....	16	55	71	5	14,930	1	22,500	20	45	65	24	8	17,364	0	0	146	10,180	11	9,841	
Massachusetts.....	8	18	26	4	10,575	0	0	3	20	23	5	1	25,000	0	0	64	10,022	5	11,056	
Michigan.....	89	237	326	23	14,400	20	17,168	84	172	256	90	14	15,834	9	17,928	283	11,457	229	11,775	
Minnesota.....	181	601	782	49	13,147	19	9,346	165	368	533	138	32	12,735	3	16,267	867	8,654	126	8,944	
Mississippi.....	391	787	1,178	113	9,206	47	6,942	361	538	919	281	66	15,611	30	16,758	1,436	8,066	343	6,125	
Missouri.....	453	1,352	1,805	122	14,094	44	12,779	672	1,062	1,734	546	98	15,611	21	16,732	1,357	10,085	359	10,254	
Montana.....	51	185	236	13	12,790	81	12,790	81	92	173	49	19	16,396	13	20,472	186	12,562	53	15,562	
Nebraska.....	250	249	499	30	18,316	12	11,695	241	181	422	177	19	16,396	2	13,075	356	14,002	56	12,459	
Nevada.....	2	13	15	0	0	2	12,238	1	12	13	4	0	0	0	0	35	11,940	4	12,719	
New Hampshire.....	9	17	26	2	16,500	0	0	7	17	24	9	0	0	0	0	30	10,588	1	8,745	
New Jersey.....	9	65	74	8	12,795	2	15,900	11	31	42	9	6	15,467	2	12,088	204	10,855	45	11,175	
New Mexico.....	29	95	124	6	18,617	14	22,889	19	62	81	15	1	22,620	9	18,798	168	13,460	74	16,182	
New York.....	44	217	261	28	11,238	1	6,390	83	132	215	62	10	12,361	6	8,775	346	8,419	77	8,205	
North Carolina.....	533	767	1,300	90	13,554	15	11,352	434	609	1,043	320	59	14,564	16	12,762	1,105	9,531	240	8,086	
North Dakota.....	248	569	837	71	18,704	48	19,256	408	365	773	257	47	19,064	21	17,528	397	14,610	258	15,658	
Ohio.....	107	339	446	39	16,308	3	15,887	141	292	433	118	21	18,726	7	20,719	375	11,366	60	10,736	
Oklahoma.....	239	525	764	35	15,573	35	10,201	248	276	524	188	32	12,660	12	17,503	897	9,369	139	11,123	
Oregon.....	17	97	114	19	17,095	1	20,000	37	66	103	28	13	15,745	1	20,000	178	14,035	22	13,012	
Pennsylvania.....	73	314	387	47	13,065	7	16,239	116	204	320	96	7	16,726	11	11,191	442	8,657	158	8,394	
Rhode Island.....	1	4	5	0	0	0	0	0	3	3	1	1	0	0	0	1	10,900	0	0	
South Carolina.....	101	221	322	39	11,439	11	9,345	129	185	314	95	30	12,427	1	25,000	513	8,619	91	7,150	
Tennessee.....	191	302	493	24	19,548	15	18,843	348	165	399	128	56	13,031	17	21,645	304	15,093	149	15,849	
Texas.....	347	622	969	69	16,465	9	17,017	398	415	813	316	35	18,446	8	16,990	1,375	11,451	250	10,908	
Utah.....	52	119	171	25	16,887	3	15,975	60	106	166	62	13	16,821	5	11,930	336	12,566	36	12,995	
Vermont.....	13	66	79	1	7,800	0	0	17	59	76	24	0	0	0	0	119	8,617	1	6,460	
Washington.....	121	287	408	36	16,597	13	16,234	129	216	345	87	54	18,934	6	15,583	289	12,351	110	11,899	
Washington.....	93	303	396	56	17,677	7	14,914	141	314	455	122	54	19,714	18	15,943	446	15,995	94	13,908	
West Virginia.....	55	232	287	11	10,859	23	9,933	61	222	283	77	9	11,776	3	11,297	230	8,878	64	8,684	
Wisconsin.....	121	518	639	88	15,725	24	11,875	221	431	652	200	27	15,436	24	16,999	584	10,753	393	9,902	
Wyoming.....	26	119	145	19	16,238	11	19,702	38	52	90	30	10	18,690	1	17,500	220	13,269	30	16,482	
Alaska.....	1	5	6	4	16,812	0	0	1	5	6	1	1	22,410	0	0	0	0	0	0	
Hawaii.....	31	36	67	14	14,949	0	0	34	11	45	6	2	11,915	0	0	65	11,656	14	10,028	
Puerto Rico.....	266	392	526	1	13,410	5	10,374	152	110	262	113	2	14,695	10	9,205	107	8,490	18	9,459	
Virgin Islands.....	18	5	23	0	0	0	0	12	7	19	12	0	0	0	0	4	9,074	0	0	

Note: This table includes loans for the purchase, enlargement, development or improvement of farms and loans primarily for refinancing purposes from Federal funds and such loans advanced by private lenders which are insured by the Government.

1/ Average amount of initial and subsequent loans.



Table III - Farm Ownership Direct Loans: Use of Funds - Number of Direct Loan Borrowers, Amount Loaned, Including Estimated Amount Furnished by the Borrower, 1918 Fiscal Year

State and territory	Loans to new borrowers															Total amount of loans
	Amount of funds					Use of funds					Number of indebted borrowers	Amount of loans to borrowers and loan costs 1/				
	Number	Loans	Furnished by borrower	Total	Average amount of loan	Purchase of farm and incidental costs						Refinancing	Real estate	Chattel and unsecured		
						Land improvement	Buildings other than dwellings	Dwellings, new and repair	Real estate	Chattel and unsecured						
1	2	3	4	5	6	7	8	9	10	11	12	13	14			
U.S. Total:																
U.S. Percent distribution.....	1,515	\$21,652,508	\$879,154	\$22,531,662	\$14,279	\$10,188,331	\$1,191,397	\$1,592,043	\$2,209,206	\$6,303,548	\$1,037,137	350	\$2,365,578	\$23,998,086		
Alabama.....	71	672,770	30,779	703,549	9,476	414,115	18,175	32,025	74,305	150,580	14,349	22	78,445	751,215		
Arizona.....	0	0	0	0	0	0	0	0	0	0	0	0	3,656	3,656		
Arkansas.....	70	513,310	10,205	523,515	7,333	127,255	26,580	15,595	43,842	289,433	20,810	9	52,608	565,918		
California.....	11	169,260	3,170	172,430	15,387	53,170	11,920	2,083	2,750	90,220	10,980	1	18,853	188,113		
Colorado.....	11	227,320	1,150	228,470	20,665	67,323	11,979	2,083	1,500	123,100	2,445	2	15,682	243,902		
Connecticut.....	4	68,200	0	68,200	17,050	50,100	3,600	7,850	0	6,650	0	0	0	68,200		
Delaware.....	4	54,900	0	54,900	11,725	43,175	1,725	11,819	3,770	28,988	7,770	0	0	54,900		
Florida.....	22	262,030	9,300	271,330	11,920	118,038	9,080	13,800	39,747	162,618	8,047	4	13,020	279,350		
Georgia.....	66	1,044,000	46,340	1,090,340	11,684	347,215	49,905	76,355	103,628	459,628	53,832	28	182,626	1,236,626		
Iowa.....	28	463,240	26,775	490,015	16,544	224,322	45,456	268,285	631,285	64,110	13	83,443	1,339,983			
Illinois.....	68	463,240	26,775	490,015	16,544	224,322	45,456	23,573	11,192	146,570	38,902	1	2,045	465,285		
Indiana.....	25	429,430	2,395	431,825	17,177	68,238	9,668	13,571	8,100	246,960	67,352	2	18,243	447,673		
Iowa.....	32	666,730	66,250	733,020	20,835	392,559	15,915	37,854	12,942	247,975	26,175	16	118,047	784,777		
Kansas.....	24	440,260	48,285	488,545	17,610	266,914	15,831	25,682	30,900	123,516	35,810	10	60,069	500,329		
Kentucky.....	47	809,645	62,675	872,320	17,226	475,147	34,726	67,718	61,982	212,392	20,555	3	13,773	883,418		
Louisiana.....	72	647,023	25,500	672,523	8,986	186,345	57,064	25,233	71,455	291,407	41,019	15	95,205	762,228		
Maine.....	14	207,450	6,460	213,910	14,818	74,004	4,235	1,150	12,020	97,956	28,780	6	47,753	255,203		
Maryland.....	12	217,600	7,405	225,005	18,150	104,070	4,235	12,390	7,270	95,453	1,767	0	805	218,605		
Massachusetts.....	0	0	0	0	0	0	0	0	0	0	0	0	3,694	3,694		
Michigan.....	15	228,420	3,482	231,902	15,228	101,400	5,999	16,467	6,635	86,185	15,616	1	24,827	253,247		
Minnesota.....	33	409,025	21,469	430,494	12,395	194,956	3,115	45,339	13,980	160,656	12,448	9	47,098	456,123		
Mississippi.....	91	679,195	49,008	728,203	9,661	460,162	34,561	36,832	120,311	253,056	23,281	43	253,576	1,132,771		
Missouri.....	96	1,498,655	41,251	1,539,906	15,611	1,006,038	80,013	75,036	104,219	236,450	38,150	18	164,070	1,682,725		
Montana.....	12	174,770	12,195	186,965	14,564	85,348	2,120	1,011	6,361	83,875	6,160	2	27,630	202,400		
Nebraska.....	20	334,320	25,670	359,990	16,716	252,089	1,250	4,594	3,641	66,854	31,162	6	52,524	386,844		
Nevada.....	0	0	0	0	0	0	0	0	0	0	0	0	3,687	3,687		
New Hampshire.....	7	88,050	0	88,050	12,579	8,550	1,750	18,295	150	36,323	22,982	0	3,092	91,142		
New Jersey.....	11	132,440	6,425	138,865	12,040	17,195	2,530	9,165	2,775	94,130	14,690	1	13,023	145,463		
New Mexico.....	12	132,440	150	132,590	21,710	39,150	2,860	1,560	1,560	0	0	0	2,063	45,483		
New York.....	16	168,220	8,700	176,920	10,514	74,572	3,484	14,149	2,425	58,882	23,308	1	16,645	184,565		
North Carolina.....	76	1,085,000	45,655	1,130,655	14,276	518,778	62,685	54,880	68,423	382,872	43,017	20	123,139	1,268,139		
North Dakota.....	47	696,030	31,532	727,562	19,064	674,497	9,400	28,232	70,668	110,167	5,300	9	95,660	791,690		
Ohio.....	21	393,240	44,170	437,410	18,726	316,172	11,082	48,085	8,860	45,725	7,506	2	11,635	404,875		
Oklahoma.....	32	405,120	4,350	409,470	12,660	233,051	11,145	10,669	28,803	99,384	29,398	5	28,112	433,232		
Oregon.....	15	225,135	5,190	230,325	15,009	41,127	5,265	9,208	18,445	143,693	12,767	3	12,492	237,627		
Pennsylvania.....	16	205,025	7,031	212,056	12,814	61,294	4,889	15,768	6,810	79,021	44,314	1	17,392	222,447		
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
South Carolina.....	52	579,870	47,181	627,051	11,951	286,463	15,935	27,226	48,459	205,962	32,976	7	54,069	633,939		
South Dakota.....	19	400,720	21,255	421,975	21,091	311,676	2,953	30,228	12,445	55,661	9,004	6	50,992	459,712		
Tennessee.....	91	1,119,180	46,400	1,165,580	12,299	710,669	51,396	67,449	76,235	242,731	19,080	6	26,017	1,145,197		
Texas.....	51	902,105	56,034	958,139	17,826	691,398	27,097	48,026	71,794	126,824	2,250	0	107,205	1,016,310		
Utah.....	13	218,675	210	218,885	16,821	131,590	6,050	5,680	6,140	67,215	2,250	9	65,784	234,459		
Vermont.....	9	128,810	0	128,810	14,312	31,245	9,090	20,040	3,890	30,395	14,150	3	17,709	146,539		
Virginia.....	25	468,475	3,650	472,125	18,739	168,160	36,621	40,751	13,918	100,760	31,915	8	76,650	545,125		
Washington.....	74	1,422,730	7,060	1,429,790	19,226	1,199,902	240,930	133,607	367,209	394,165	133,977	14	78,018	1,506,748		
West Virginia.....	9	105,980	5,000	110,980	11,776	78,764	3,971	11,045	1,950	9,950	5,300	1	15,217	121,197		
Wisconsin.....	33	511,710	15,195	526,905	15,506	266,042	15,140	56,426	12,831	163,395	13,071	12	76,410	588,120		
Wyoming.....	13	243,120	7,000	250,120	18,702	110,510	13,335	12,822	4,868	60,385	18,200	3	37,457	287,577		
Alaska.....	2	43,010	0	43,010	21,505	21,650	5,200	6,900	4,000	4,300	960	2	8,800	51,810		
Hawaii.....	8	90,760	9,962	100,722	11,345	53,368	500	12,044	23,520	11,350	0	0	90,760	90,760		
Puerto Rico.....	3	49,390	0	49,390	16,463	20,190	3,800	950	14,100	0	10,350	2	8,848	56,238		
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0		

1/ "Loan costs" represent the amounts advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc. Loan costs appear opposite three stars reporting no number of loans.

1/ "Loan costs" represent the amounts advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc. Loan costs appear opposite three states reporting no number of loans.

Table IV - Farm Ownership Insured Loans: Use of Funds - Number of Insured Loan Borrowers, Amount Loaned, Including Estimated Amount Furnished by the Borrower, 1958 Fiscal Year

State and territory	Loans to new borrowers													Loans to indebted borrowers			Total amount of loans
	Number	Amount of funds				Use of funds				Refinancing					Number	Amount	
		Loans	Furnished by borrower	Total	Average amount of loan	Purchase of farm and incidental costs	Land improvement	Buildings other than dwellings	Dwellings, new and repair	Real estate		Chattel and unsecured					
										10	11						
1	2	3	4	5	6	7	8	9	10	11	12	13	14				
U. S. Total:																	
Percent distribution.....	1,886	\$25,330,421.	\$1,652,486	100.06	\$13,431	\$11,596,631	\$756,672	5.24	\$1,393,618	4.88	\$1,005,039	37.38	\$2,272,363	8.44	\$939,751	\$26,270,172	
Alabama.....	20	163,930	16,360	180,290	8,196	110,286	7,230	4,475	18,775	28,358	0	11,166	0	0	0	163,930	
Arizona.....	1	60,770	250	60,770	20,760	20,150	0	0	0	0	0	0	0	0	0	20,760	
Arkansas.....	108	603,112	63,722	667,834	6,037	23,037	17,798	23,651	36,602	318,333	0	39,013	4	0	21,550	625,262	
California.....	8	308,340	1,000	108,840	13,542	8,492	9,388	9,388	300	68,080	0	20,160	0	0	0	108,340	
Colorado.....	20	360,660	47,431	368,091	16,033	151,150	4,950	4,950	3,245	188,462	0	15,614	1	0	6,400	327,060	
Connecticut.....	1	12,600	0	12,600	12,600	0	0	5,000	0	0	0	7,600	0	0	0	12,600	
Delaware.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Florida.....	33	292,870	3,572	296,442	8,875	44,840	9,000	12,900	36,390	172,970	0	20,342	1	0	6,900	299,770	
Georgia.....	63	696,377	29,712	726,089	11,054	177,662	34,950	66,460	33,945	379,556	0	28,336	12	0	53,367	749,744	
Illinois.....	36	518,255	45,780	564,035	14,396	210,570	36,155	18,935	23,011	286,311	0	69,053	1	0	5,760	131,230	
Indiana.....	36	868,720	176,644	945,364	18,098	378,773	31,777	33,278	27,780	373,522	0	113,254	4	0	30,540	548,795	
Iowa.....	41	825,672	46,946	872,618	20,143	410,241	31,945	60,859	29,360	287,855	0	54,578	5	0	28,540	697,460	
Kansas.....	41	624,631	27,684	652,315	15,235	161,636	17,123	23,397	21,349	236,061	0	92,549	6	0	57,798	683,670	
Kentucky.....	25	344,130	28,315	372,445	13,765	183,600	25,539	18,810	19,286	102,750	0	22,260	4	0	49,694	674,465	
Louisiana.....	45	356,560	6,660	363,220	7,924	61,169	12,956	15,815	8,910	221,741	0	42,629	1	0	5,536	349,710	
Maine.....	64	724,200	28,884	753,084	11,764	178,461	0	13,745	8,910	221,741	0	42,629	6	0	38,795	395,355	
Maryland.....	5	11,530	2,500	14,030	4,566	20,540	200	6,615	27,900	504,386	0	58,392	0	0	0	794,200	
Massachusetts.....	2	23,540	0	23,540	11,770	20,577	22,860	31,218	2,225	39,455	0	4,695	1	0	0	21,530	
Michigan.....	28	486,340	28,063	514,403	17,369	209,495	0	0	625	22,038	0	500	2	0	2,070	515,610	
Minnesota.....	42	489,370	23,327	503,697	11,437	230,955	3,685	60,132	7,231	204,068	0	39,351	2	0	505,663	505,663	
Mississippi.....	129	922,888	18,562	941,450	7,630	215,555	53,200	40,722	9,325	168,540	0	31,060	3	0	15,000	486,270	
Missouri.....	104	1,613,635	197,266	1,810,901	15,516	1,149,146	41,890	73,011	67,589	433,840	0	46,950	12	0	53,889	916,717	
Montana.....	56	916,890	65,227	982,117	17,268	369,521	31,711	15,861	9,600	31,437	0	73,418	16	0	129,795	1,713,366	
Nebraska.....	12	156,400	10,760	167,160	13,033	40,115	6,678	4,076	3,722	46,833	0	11,661	2	0	2,762	930,596	
Nevada.....	3	40,750	0	40,750	13,593	0	0	0	0	61,869	0	30,680	2	0	8,176	164,576	
New Hampshire.....	0	0	0	0	0	330	5,050	1,500	7,530	18,120	0	8,220	0	0	0	40,750	
New Jersey.....	22	199,620	13,150	212,770	9,074	38,417	100	11,150	0	136,745	0	26,358	0	0	0	199,620	
New Mexico.....	21	118,380	38,759	157,139	19,923	296,725	4,700	6,243	9,636	12,695	0	17,200	3	0	14,586	432,966	
New York.....	19	212,000	25,030	237,030	11,158	96,714	4,870	6,880	6,100	110,611	0	11,685	1	0	10,000	222,000	
North Carolina.....	77	938,375	66,038	1,004,413	12,187	298,865	42,956	61,230	79,051	473,505	0	48,806	5	0	21,865	960,240	
North Dakota.....	160	2,833,515	176,147	3,009,662	17,709	1,701,645	24,965	248,433	233,227	623,193	0	178,199	8	0	53,180	2,886,695	
Ohio.....	26	477,120	46,745	523,865	18,351	326,100	10,840	26,015	4,810	147,880	0	8,220	2	0	2,830	482,990	
Oklahoma.....	72	871,347	35,976	907,323	12,102	444,423	12,430	31,712	55,117	278,711	0	84,870	7	0	47,787	919,134	
Oregon.....	14	293,525	7,990	300,615	20,966	18,385	17,570	10,955	4,980	235,145	0	23,580	0	0	0	293,525	
Pennsylvania.....	42	553,740	38,790	592,530	13,184	296,928	15,218	28,206	12,396	198,629	0	41,153	4	0	24,473	578,213	
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
South Carolina.....	12	124,088	5,489	129,577	10,341	45,258	5,305	2,340	5,479	59,110	0	12,085	1	0	5,517	129,605	
South Dakota.....	69	1,340,485	105,955	1,446,440	19,340	61,144	80,866	80,866	100,350	452,027	0	94,503	4	0	36,363	1,373,848	
Tennessee.....	81	960,101	66,832	1,026,933	11,653	442,145	67,917	61,135	61,265	350,261	0	36,210	11	0	69,043	1,089,144	
Texas.....	30	451,250	27,330	478,580	15,042	295,770	21,610	24,795	25,183	100,011	0	11,211	0	0	0	451,250	
Utah.....	26	388,760	20,750	409,510	14,982	148,640	4,345	33,227	6,981	205,517	0	10,350	2	0	18,040	406,800	
Vermont.....	1	11,350	0	11,350	14,350	0	0	1,500	9,600	0	0	2,980	0	0	0	14,350	
Virginia.....	24	425,510	18,213	443,723	17,730	154,350	34,758	42,647	15,289	146,955	0	47,724	3	0	17,760	443,270	
Washington.....	100	1,548,780	30,210	1,578,990	15,488	71,138	11,850	35,640	12,840	900,422	0	546,900	2	0	19,160	1,567,940	
West Virginia.....	23	281,430	31,280	312,710	12,236	159,727	13,790	30,909	8,446	71,578	0	28,260	0	0	0	281,430	
Wisconsin.....	74	1,032,780	101,028	1,133,808	13,956	764,245	12,506	58,782	36,110	246,930	0	15,235	5	0	27,150	1,059,930	
Wyoming.....	12	260,950	12,930	273,880	21,746	88,022	7,275	3,055	2,975	121,605	0	50,948	0	0	0	260,950	
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,870	6,870	
Hawaii.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Puerto Rico.....	46	426,845	8,939	435,784	9,279	36,845	43,616	34,380	153,183	141,225	0	26,535	0	0	0	426,845	
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

Table V - Farm Ownership: Direct Loans - Number of Borrowers, Amount Loaned and Payments, Cumulative Through March 31, 1958

State and territory	Total number of borrowers	Total amount loaned	Borrowers paid in full or otherwise satisfied				Borrowers with unpaid balance as of March 31, 1958					
			Number	Payments		Principal write-offs and judgments	Number	Scheduled installments (principal and interest)	Regular and advance payments made on scheduled installments		Extra payments and refunds	
				Principal	Interest				Total	Amount		As percent of schedule
1	2	3	4	5	6	7	8	9	10	11	12	
U. S. Total.....	76,066	\$551,016,285	44,546	\$259,297,770	\$47,966,503	\$2,761,058	31,540	\$88,071,494	\$101,317,673	\$92,077,539	105	\$9,240,134
Alabama.....	5,159	27,254,878	3,238	13,850,826	2,591,747	58,458	1,921	4,242,053	5,098,153	4,422,183	104	675,970
Arizona.....	143	1,899,483	78	883,152	162,569	36,462	65	243,315	264,941	242,732	100	22,209
Arkansas.....	4,387	22,093,258	2,634	11,278,146	2,248,787	443,657	1,753	4,208,182	4,810,440	4,349,871	103	460,569
California.....	541	5,990,479	319	2,992,788	539,624	11,359	222	725,321	834,959	731,342	104	83,617
Colorado.....	581	6,006,790	374	3,215,179	521,641	12,783	207	868,546	788,928	717,559	83	71,329
Connecticut.....	52	529,889	24	212,466	34,810	11,792	28	109,928	120,809	120,257	93	18,552
Delaware.....	93	696,817	60	375,101	69,903	8,220	33	91,435	90,893	90,893	99	33,535
Florida.....	790	5,039,796	456	2,262,643	401,810	31,428	334	779,502	920,010	749,568	96	170,402
Georgia.....	6,005	31,457,489	4,027	16,579,162	3,210,601	106,430	1,978	4,429,754	5,565,618	4,456,917	101	1,108,701
Idaho.....	1,016	12,520,923	291	2,369,743	465,378	10,604	725	1,719,179	1,691,583	1,620,810	94	70,773
Illinois.....	1,188	11,946,749	717	6,545,806	1,234,074	8,234	471	1,583,751	1,879,131	1,771,232	112	107,899
Indiana.....	1,083	10,950,500	628	5,321,315	934,958	14,459	455	1,673,402	2,051,925	1,971,340	118	80,585
Iowa.....	1,494	16,419,861	884	8,047,584	1,466,341	5,680	610	2,309,817	2,683,746	2,552,235	110	71,511
Kansas.....	1,387	14,271,716	757	6,603,067	1,191,608	64,232	630	2,355,327	2,656,120	2,516,569	107	139,551
Kentucky.....	1,463	12,666,932	948	6,720,143	1,141,180	24,616	515	1,466,969	1,785,912	1,721,156	117	84,756
Louisiana.....	2,569	15,986,823	1,328	7,083,709	1,483,005	67,026	1,241	3,193,469	3,783,392	3,442,623	108	340,769
Maine.....	268	1,998,950	100	512,958	88,354	39,107	168	144,583	492,457	458,424	103	34,033
Maryland.....	377	3,234,736	205	1,513,752	293,608	5,919	172	515,098	679,546	508,769	99	170,777
Massachusetts.....	1,03	935,665	47	379,912	62,881	14,845	56	193,150	239,340	172,021	89	67,319
Michigan.....	1,024	7,568,117	625	3,569,511	674,347	36,566	399	1,380,581	1,621,090	1,484,597	108	136,493
Minnesota.....	2,736	17,509,820	1,679	9,254,432	1,642,684	73,593	1,057	2,754,814	3,133,731	3,009,678	109	124,053
Mississippi.....	5,882	26,252,195	2,648	12,653,527	2,863,742	369,304	3,214	8,024,171	8,868,395	8,089,332	101	769,063
Missouri.....	3,420	25,685,614	1,818	10,764,002	1,991,855	42,010	1,602	4,242,762	4,786,820	4,590,125	108	198,695
Montana.....	704	5,593,361	417	2,741,711	540,245	30,689	287	1,031,827	1,116,676	1,023,114	99	93,562
Nebraska.....	1,044	11,894,040	639	6,370,716	1,001,044	31,882	405	1,534,643	1,638,603	1,604,595	105	34,008
Nevada.....	51	598,933	19	146,949	36,446	11,934	32	122,661	140,096	124,929	102	15,167
New Hampshire.....	71	632,638	23	120,718	24,541	7,947	48	107,118	98,535	85,005	79	13,530
New Jersey.....	288	2,919,209	137	1,217,282	227,919	28,033	151	552,046	620,594	544,133	98	76,461
New Mexico.....	322	3,618,220	171	1,559,621	265,735	23,956	151	613,842	586,715	573,112	93	13,603
New York.....	851	5,946,803	487	2,900,267	543,034	109,951	364	1,026,148	1,210,983	990,620	97	220,363
North Carolina.....	4,390	26,550,695	2,912	13,689,564	2,346,278	26,173	1,478	3,383,498	4,015,586	3,497,063	103	518,523
North Dakota.....	1,066	9,598,861	526	3,747,825	559,471	38,658	440	1,398,228	1,481,287	1,404,940	101	146,347
Ohio.....	1,320	11,674,293	810	6,176,137	1,092,662	80,753	510	1,720,194	1,925,789	1,846,284	112	146,245
Oklahoma.....	3,482	23,546,514	2,255	12,935,173	2,315,195	113,801	1,197	4,000,210	4,741,686	4,371,479	109	370,207
Oregon.....	645	5,821,483	366	2,220,152	373,239	23,958	279	906,604	855,641	855,641	94	55,678
Pennsylvania.....	1,109	7,999,381	624	3,798,980	742,474	62,252	485	1,216,604	1,436,409	1,295,959	107	140,450
Rhode Island.....	5	12,072	3	42,072	4,793	0	2	5,799	6,348	6,348	107	150
South Carolina.....	3,077	16,180,912	1,896	8,337,359	1,623,842	47,719	1,131	2,838,572	3,500,010	2,890,076	102	609,934
South Dakota.....	849	8,562,984	502	3,948,493	635,699	21,033	347	1,147,734	1,173,693	1,136,693	99	37,000
Tennessee.....	2,618	17,591,900	1,485	8,236,726	1,505,265	46,746	1,133	2,700,456	3,141,379	2,899,205	107	242,174
Texas.....	5,542	46,839,264	3,626	27,151,060	4,851,980	95,968	1,916	7,394,595	8,707,136	8,128,980	110	578,156
Utah.....	428	1,990,348	134	1,175,382	238,270	49,487	294	1,081,610	1,139,346	1,022,760	95	116,586
Vermont.....	200	1,529,951	108	624,451	118,707	71,287	42	222,348	224,724	224,724	101	37,534
Virginia.....	1,281	9,169,621	799	4,319,112	767,182	71,551	482	1,411,792	1,659,414	1,403,648	99	225,766
Washington.....	825	10,591,852	286	2,275,183	408,300	57,682	539	1,330,340	1,340,312	1,196,532	90	143,760
West Virginia.....	709	4,382,726	376	1,883,090	370,633	55,182	333	835,983	1,029,190	899,368	108	129,822
Wisconsin.....	2,058	13,520,274	1,255	5,806,499	996,172	65,245	803	1,985,872	2,282,156	2,172,436	115	109,780
Wyoming.....	351	3,695,596	147	1,244,171	231,175	44,661	204	674,537	666,026	611,045	91	54,981
Alaska.....	18	336,217	1	17,184	5,736	0	17	33,712	42,769	31,769	94	11,000
Hawaii.....	311	2,378,352	190	1,110,336	203,417	17,476	121	311,961	338,285	338,285	108	20,461
Puerto Rico.....	845	4,735,024	463	2,416,564	580,032	95,420	382	1,016,607	1,129,901	1,000,180	98	129,725
Virgin Islands.....	15	156,850	4	14,354	2,912	0	11	20,034	26,960	26,960	135	0

Note: Includes non-cash advances on sale of rural rehabilitation project farms. Paid-up borrowers include those paid through repossession, debt settlement, etc.

1/ Principal write-offs total \$2,270,670 and judgments \$490,388.



Table VI - Farm Ownership: Insured Loans - Number of Borrowers, Amount Loaned and Payments, Cumulative Through March 31, 1958

State and territory	Total number of borrowers	Borrowers paid in full or otherwise satisfied						Borrowers with unpaid balance as of March 31, 1958													
		Total amount loaned	Number	Payments			Principal $\frac{1}{2}$	Number	Scheduled installments (principal and interest)	Total	Principal and interest payments										
				1	2	3					4	5	6	7	8	9	10	Amount	As percent of schedule	12	13
U. S. Total.....	17,685	\$182,580,182	2,516	\$20,473,647	\$3,526,797	\$2,545,555	\$981,242	15,169	\$29,258,433	\$32,936,499	\$30,811,953	105	\$2,124,546								
Alabama.....	576	4,316,604	62	383,125	56,684	40,959	15,725	514	706,102	820,420	746,111	106	74,309								
Arizona.....	40	699,018	3	40,150	5,667	4,051	1,616	37	92,566	89,270	83,664	90	5,606								
Arkansas.....	468	2,856,574	95	520,396	68,208	49,595	18,683	373	414,109	474,056	434,002	105	40,054								
California.....	92	1,272,433	19	147,413	26,067	18,817	7,250	79	191,976	204,888	191,051	100	13,837								
Colorado.....	229	2,949,804	40	407,339	70,888	50,683	20,145	189	591,386	586,795	506,878	86	79,917								
Connecticut.....	12	125,207	3	32,881	4,264	3,126	1,138	9	18,608	19,885	17,450	94	2,375								
Delaware.....	12	123,290	3	19,140	2,661	1,887	774	9	18,467	21,574	18,945	103	2,629								
Florida.....	274	2,906,309	33	250,727	36,311	26,309	10,002	241	297,488	337,344	301,993	102	35,351								
Georgia.....	878	7,304,967	182	1,194,004	185,635	132,902	52,733	696	1,207,011	1,450,267	1,242,079	103	208,188								
Idaho.....	220	2,686,989	26	240,714	43,064	31,574	11,490	194	440,250	452,659	425,005	97	27,654								
Illinois.....	220	2,635,707	28	231,075	37,106	26,511	10,595	192	400,357	470,166	436,591	109	33,575								
Indiana.....	334	4,776,589	61	660,067	117,560	84,580	32,980	273	747,974	876,120	808,027	108	68,093								
Iowa.....	531	7,355,451	80	828,181	143,517	105,350	38,167	451	1,319,577	1,479,039	1,439,835	109	39,204								
Kansas.....	572	6,997,857	103	1,009,255	181,868	132,114	51,492	469	1,297,095	1,473,395	1,358,120	105	75,275								
Kentucky.....	258	2,996,293	23	230,480	38,528	27,431	11,097	235	444,944	553,042	535,422	120	17,620								
Louisiana.....	335	2,777,849	50	368,138	56,175	40,770	15,405	285	461,860	536,404	508,976	110	27,428								
Maine.....	31	3,327,548	30	325,717	48,053	34,254	13,799	345	430,961	508,607	452,967	105	55,640								
Maryland.....	88	866,118	21	182,657	28,887	20,766	8,121	67	188,818	182,713	157,958	106	24,755								
Massachusetts.....	15	160,041	4	39,839	7,852	5,701	2,151	11	28,730	32,179	30,321	106	1,858								
Michigan.....	582	6,670,206	72	676,394	132,375	96,035	36,340	510	1,153,765	1,315,127	1,218,597	106	96,230								
Minnesota.....	564	4,932,726	102	817,345	152,912	110,912	42,000	462	991,782	1,085,521	1,041,326	105	44,195								
Mississippi.....	977	6,241,140	97	866,791	182,075	58,747	23,288	880	546,128	1,046,026	964,370	103	81,656								
Missouri.....	1,247	11,936,526	182	1,289,745	251,627	182,119	69,508	1,065	1,988,163	2,212,302	2,123,652	107	88,650								
Montana.....	154	2,007,075	26	290,433	48,113	34,981	13,132	128	296,426	330,559	288,115	97	42,444								
Nebraska.....	274	3,432,720	45	502,234	103,125	74,648	28,477	229	616,255	642,240	627,513	102	14,727								
Nevada.....	12	158,475	1	13,377	1,337	949	388	11	15,935	27,696	15,229	96	12,467								
New Hampshire.....	17	181,001	5	53,513	8,141	5,786	2,355	12	22,888	36,108	19,232	84	16,876								
New Jersey.....	155	1,647,554	29	314,344	47,572	34,053	13,519	126	247,069	290,486	259,705	105	30,781								
New Mexico.....	195	2,970,970	26	280,368	37,908	26,580	11,328	181	329,597	362,120	336,666	102	25,454								
New York.....	255	2,195,502	35	253,469	44,635	32,052	12,583	220	380,998	407,585	370,792	97	36,793								
North Carolina.....	843	7,321,904	157	993,076	157,388	112,832	44,556	686	1,084,132	1,258,394	1,159,088	107	99,306								
North Dakota.....	929	13,832,175	52	604,838	121,132	86,264	34,868	877	1,713,019	1,694,015	1,604,247	105	89,768								
Ohio.....	245	2,683,597	60	486,181	81,199	63,762	24,437	185	456,165	510,704	481,884	106	28,910								
Oklahoma.....	566	5,996,048	76	631,794	99,938	71,636	28,302	490	927,796	1,008,004	965,667	104	42,337								
Oregon.....	133	1,660,008	14	154,438	24,937	18,503	6,434	119	316,882	320,298	309,749	98	10,549								
Pennsylvania.....	500	4,402,976	94	651,475	113,813	82,776	31,037	406	707,486	801,721	738,541	104	63,180								
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0	0								
South Carolina.....	382	2,912,808	55	339,170	53,797	38,846	14,951	327	519,325	606,759	544,513	105	62,246								
South Dakota.....	401	5,766,939	58	657,880	132,358	95,550	34,343	343	924,956	905,260	881,020	95	24,240								
Tennessee.....	580	5,155,499	51	375,176	63,947	46,361	17,586	589	704,215	818,911	761,350	108	57,561								
Texas.....	708	7,665,976	137	1,175,648	182,952	132,981	49,971	571	1,499,752	1,675,253	1,609,460	107	65,793								
Utah.....	112	1,505,487	7	82,892	15,680	11,418	4,262	105	205,065	233,488	210,309	103	23,179								
Vermont.....	40	360,510	3	26,699	3,897	2,762	1,135	37	59,809	66,053	60,550	101	5,503								
Virginia.....	295	3,395,518	36	342,520	53,557	38,237	15,320	252	492,222	577,891	495,194	101	62,697								
Washington.....	271	3,456,896	19	197,642	40,069	28,888	11,241	252	571,240	583,753	563,404	100	14,349								
West Virginia.....	217	2,050,088	19	131,562	22,845	16,421	6,424	198	229,080	264,754	250,929	110	13,885								
Wisconsin.....	1,256	12,169,405	184	1,427,480	251,049	182,473	69,376	1,072	2,297,869	2,783,334	2,682,704	117	100,630								
Wyoming.....	86	1,480,497	5	56,072	13,177	9,362	3,815	81	134,182	141,668	129,788	97	11,880								
Alaska.....	2	41,253	0	0	0	0	0	2	3,541	4,099	4,099	116	0								
Hawaii.....	96	1,063,124	12	93,910	16,031	11,660	4,371	84	153,410	191,082	174,629	114	16,453								
Puerto Rico.....	56	498,531	1	9,000	158	111	47	55	19,072	26,435	17,936	94	8,499								
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0	0								

Note: This table covers loans advanced by private lenders which are insured by the Government. In addition to amount insured, this table covers small amounts advanced from the Farm Tenant-Mortgage Insurance Fund, including principal and interest repayments on these advances, for such purposes as the payment of taxes, insurance premiums, etc.

1/ Includes principal write-offs in the amount of \$135,155 and principal judgments in the amount of \$15,341.

Farm Housing Loans

Title V of the Housing Act of 1949 was amended during the 84th Congress, 2nd Session, to extend the authority for making farm housing loans and grants for the 5-year period 1957 through 1961. A total of \$450,000,000 was authorized to be borrowed from the Treasury for loans for this 5-year period. During the fiscal year 1958 \$33,065,871 was obligated for farm housing loans.

It is estimated that a total of \$60,000,000 will be borrowed from the Treasury for use in 1959.

1. Applications and Loans: During the fiscal year 1958, a total of 14,938 applications for new loans were received. Applications on hand on June 30, 1958 totaled 6,936.

In March 1958, eligibility requirements for farm housing loans were relaxed to remove the previous restriction that the farm must be of "such size and productive capacity that it will produce agricultural commodities in sufficient quantities that the proceeds from their sale will be a substantial portion of the operator's total cash income". A farm is now defined as "one or more tracts of land owned by the applicant and operated as an individual farm which is in agricultural production and annually will produce agricultural commodities for sale and home use which have a gross value of not less than \$400 based on 1944 prices". This change in the definition of a farm and thus in eligibility requirements is expected to create a substantially greater demand for loans than experienced heretofore. Applications in April, May and June 1958, reflected the influence of the change. Loan obligations in June 1958, were \$8,150,817. The added demand caused by the change in eligibility requirements is expected to decline after 1959.

The following are numbers and amounts of loans made under authority of Section 502 of Title V of the Housing Act of 1949 for the fiscal year 1958, and the estimate for the 1959 fiscal year.

Farm Housing Loans

<u>Fiscal Year</u>	<u>Number</u>	<u>Amount</u>	<u>Average Loans</u>
<u>1958</u>			
Initial.....	4,591	\$31,710,550	\$6,907
Subsequent.....	353	1,355,321	3,813
Total.....	4,944	33,065,871	
<u>1959 (Est.)</u>			
Initial.....	7,685	\$56,400,000	\$7,340
Subsequent.....	1,025	3,600,000	3,420
Total.....	8,710	60,000,000	

2. Use of Loan Funds: A total of 2,394 new dwellings at an estimated cost of \$21,099,951 were planned by the 4,591 borrowers receiving initial loans. There were 1,148 dwellings to be repaired and 2,769 other farm buildings were planned to be constructed or repaired.

Percentagewise, about 64 percent of the funds were planned to be used for new farm dwellings. The average planned construction cost of new dwellings was \$8,814, including loan funds and cash contributions by borrowers, but not including any labor contribution by the borrower. This is a relatively low average dwelling cost and results from borrowers making extensive use of salvage and locally produced materials and utilizing a substantial amount of family labor to do the construction work.

See Table I for distribution by States

3. Loan Repayments: As of December 31, 1957, \$131,706,910 had been advanced to 24,530 borrowers under the farm housing program. Principal payments of \$41,154,701 and interest payments of \$18,439,608 had been made. In addition, contributions in the amount of \$137,967 were applied to the accounts of 250 borrowers to assist them in developing adequate farms. Of this amount \$46,006 was credited to principal and \$91,961 to interest. Principal write-offs and judgments totaled \$35,308.

By December 31, 1957, 6,059 borrowers had paid their farm housing loans in full. As of the same date, cumulative annual installments in the amount of \$30,120,074 were due from the 18,471 borrowers with outstanding loan balances. The regular principal and interest payments on these installments were \$30,999,212, including \$118,796 in contributions. This represents cumulative regular payments to cumulative installments of 103 percent. Extra payments and refunds of \$2,222,296 were also applied to these borrowers' accounts. On December 31, a total of 34 percent of the borrowers with outstanding loan balances were ahead of schedule, an average of \$352 and 14 percent were behind schedule, an average of \$500.

See Table II for distribution by States

Table I - Farm Housing Loans: Funds Obligated and Furnished by Borrowers, and Use of Funds,
1958 Fiscal Year

State and territory	Number	Amount of funds				Use of funds										Number of loans to indebted borrowers	Amount of loans to indebted borrowers and loan costs $\frac{1}{2}$	Total amount of loans	
		Furnished by borrower				Dwellings				Other farm buildings				Water systems					
		Total				New		Repair		New		Repair		Number		Amount			
		1	2	3	4	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	fees		
U. S. Total:																			
Percent distribution:																			
Amount.....	4,591	\$31,710,550	\$1,128,235	\$2,894	\$32,834,785	100.0%	64.3%	10.5%	18.5%	1,968	\$6,063,648	801	\$1,212,842	1,195	\$86,194	\$195,017	353	\$1,355,321	\$33,065,871
Alabama.....	299	1,929,150	101,897		2,031,047	202	1,654,987	29	76,110	88	233,980	7	16,390	103	44,330	5,250	19	69,550	1,998,700
Arizona.....	14	203,800	9,466		213,266	12	129,171	1	17,810	6	42,090	4	17,075	5	6,745	375	0	55,522	203,836
Arkansas.....	187	84,315	3,512		87,827	96	614,963	56	116,768	54	116,929	10	6,100	41	17,883	6,844	14	34,573	87,808
California.....	84	831,375	40,204		871,579	50	575,151	17	88,435	51	186,612	6	5,083	8	13,145	3,123	11	44,840	876,215
Colorado.....	7	57,955	155		58,110	5	29,255	4	16,950	3	2,505	5	4,610	1	4,543	247	1	3,105	61,060
Connecticut.....	2	12,150	0		12,150	0	2,997	1	8,000	1	8,000	1	1,003	0	0	150	0	0	12,150
Delaware.....	2	1,175	8,700		9,875	0	0	0	166,215	0	516,926	35	50,911	0	0	100	0	0	1,175
Florida.....	250	2,294,810	47,187		2,341,997	165	1,562,246	0	236,081	67	167,270	25	17,990	64	48,399	9,205	30	1,930,421	2,350,332
Georgia.....	295	1,840,995	52,956		1,893,951	185	1,405,936	78	131,819	22	40,435	8	15,180	15	20,971	1,970	6	16,642	1,930,421
Idaho.....	57	546,330	14,781		561,111	30	350,736	24	131,819	22	40,435	8	15,180	15	20,971	1,970	6	16,642	562,972
Illinois.....	45	248,040	19,976		268,016	20	173,281	13	30,427	28	50,070	14	7,873	12	5,528	837	5	26,576	274,616
Indiana.....	32	195,465	907		196,372	10	88,813	16	57,645	16	39,553	14	8,371	3	1,425	595	4	11,517	206,982
Iowa.....	77	462,390	19,648		481,838	19	156,665	17	67,341	66	208,199	34	22,762	23	23,997	2,874	6	24,027	486,217
Kansas.....	39	204,165	2,810		207,275	12	109,521	18	28,431	24	43,021	16	10,040	16	13,784	2,478	4	6,243	210,708
Kentucky.....	86	633,480	30,965		664,445	46	474,189	23	83,645	42	74,297	17	11,010	31	17,922	3,382	12	41,826	675,306
Louisiana.....	141	1,027,330	50,660		1,077,990	104	920,478	22	83,711	23	57,050	1	2,800	10	5,245	8,706	8	21,961	1,049,291
Maine.....	132	840,160	0		840,160	6	36,365	33	46,988	96	595,481	67	125,851	19	28,595	6,880	27	1,027,049	1,867,889
Maryland.....	35	301,340	8,040		309,380	13	138,075	9	47,466	28	99,260	15	17,605	9	4,840	2,140	5	15,591	316,931
Massachusetts.....	2	17,235	0		17,235	1	13,000	0	0	1	4,010	0	0	0	0	225	0	17,235	17,235
Michigan.....	96	672,010	20,968		692,978	17	185,366	35	111,749	71	228,149	53	158,268	11	4,462	4,684	7	39,493	711,503
Minnesota.....	93	605,180	37,076		642,256	24	324,851	22	52,017	50	215,511	30	25,048	17	20,732	4,097	5	11,483	616,663
Mississippi.....	465	2,394,065	71,450		2,465,515	268	1,811,576	122	310,146	105	221,072	11	17,523	140	87,497	17,701	27	86,337	2,480,402
Missouri.....	228	1,265,985	18,355		1,284,340	97	760,441	76	181,497	106	265,377	31	9,357	76	60,175	7,483	22	81,494	1,346,989
Montana.....	32	296,015	7,700		303,715	17	203,188	9	21,135	11	26,595	6	4,096	12	18,365	1,616	2	5,727	301,742
Nebraska.....	31	157,845	4,757		162,602	9	91,155	9	24,770	31	35,353	9	7,490	7	3,007	827	2	12,404	170,249
Nevada.....	4	30,710	50		30,760	2	18,000	0	0	3	12,450	0	0	0	0	310	0	0	30,710
New Hampshire.....	3	11,120	0		11,120	0	0	0	0	0	9,450	0	0	1	1,550	120	0	2,159	13,279
New Jersey.....	18	158,000	38,723		196,723	7	99,925	4	10,786	15	68,586	7	14,796	1	1,553	1,077	1	9,545	167,545
New Mexico.....	27	209,435	13,650		223,085	16	161,500	5	28,310	7	25,111	2	2,300	6	4,120	1,744	4	5,303	214,738
New York.....	41	232,468	1,750		234,218	1	7,900	12	16,964	43	149,676	28	49,995	6	5,927	3,946	4	16,742	249,400
North Carolina.....	202	1,533,080	56,629		1,589,709	120	1,133,399	36	122,651	84	206,628	50	84,406	73	30,360	12,265	17	49,076	1,582,156
North Dakota.....	102	862,700	10,535		873,235	52	555,013	31	97,620	43	145,730	23	28,295	37	37,705	8,872	2	866,168	866,168
Ohio.....	48	318,110	8,570		326,680	12	109,177	19	42,445	51	142,669	18	22,555	9	6,160	1,674	3	20,250	338,360
Oklahoma.....	145	895,055	36,075		931,130	91	699,915	39	111,963	41	73,453	19	16,185	52	24,360	5,849	9	33,117	930,767
Oregon.....	63	551,095	11,386		562,481	25	304,513	15	63,557	52	175,425	13	11,796	7	3,960	3,230	5	18,000	569,095
Pennsylvania.....	64	357,118	70		357,188	4	46,866	27	61,045	52	142,140	35	98,167	6	4,655	4,315	5	34,485	391,603
Rhode Island.....	1	3,100	0		3,100	0	0	0	0	1	3,000	1	100	0	0	0	0	3,100	3,100
South Carolina.....	114	990,904	59,085		1,049,989	93	915,743	16	70,865	22	41,401	3	6,080	35	12,664	3,236	10	22,173	1,013,077
South Dakota.....	38	289,910	9,675		299,585	15	151,961	10	19,511	31	84,404	14	22,150	9	9,937	1,622	1	21,370	311,280
Tennessee.....	250	1,573,110	57,468		1,630,578	167	1,269,765	57	169,110	64	121,781	14	5,550	99	55,445	8,927	12	38,154	1,611,264
Texas.....	209	1,798,825	43,208		1,842,033	143	1,442,151	40	148,559	58	197,536	18	17,041	40	28,416	8,330	11	49,867	1,848,692
Utah.....	66	633,825	32,166		665,991	36	473,913	18	118,175	34	67,935	4	15,230	7	8,470	2,068	6	19,168	652,993
Vermont.....	5	20,225	0		20,225	0	0	0	2,955	3	13,275	1	3,430	1	420	145	0	0	20,225
Virginia.....	28	198,780	3,900		202,680	15	134,491	7	20,743	13	34,463	3	2,530	15	7,434	2,619	2	2,664	201,444
Washington.....	94	777,295	29,860		807,155	38	391,291	19	71,615	64	270,544	29	51,923	11	15,611	6,171	5	28,164	805,459
West Virginia.....	74	598,460	19,212		617,672	40	445,095	23	81,376	22	65,372	11	4,000	39	19,329	2,500	8	34,313	632,713
Wisconsin.....	133	942,190	67,313		1,009,503	23	241,021	44	119,685	125	440,617	72	177,714	27	21,735	8,711	11	29,800	971,990
Wyoming.....	32	245,450	6,340		251,790	16	180,673	12	37,301	15	26,865	4	2,563	6	3,636	752	2	14,645	260,095
Alaska.....	3	8,780	0		8,780	0	0	0	0	1	2,330	1	2,050	2	4,000	400	0	0	8,780
Hawaii.....	15	146,490	6,845		153,335	10	112,020	0	0	12	38,182	1	200	2	1,700	1,233	0	11,690	158,180
Puerto Rico.....	80	424,620	15,480		440,100	59	380,870	15	31,580	11	16,970	3	1,350	17	9,350	0	1	4,396	429,016
Virgin Islands.....	1	10,500	0		10,500	1	8,000	0	0	1	1,000	0	0	1	1,500	0	0	0	10,500

1/ "Loan costs" represent the amounts advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc. Loan costs appear opposite two states reporting no number of loans.

Table II - Farm Housing Loans: Number of Borrowers, Amount Loaned and Payments,
Cumulative Through December 31, 1957

State and territory	Total number of borrowers	Borrowers paid in full or otherwise satisfied					Borrowers with unpaid balance as of December 31, 1957					
		Total amount loaned	Number	Payments			Number	Scheduled installments (principal and interest)	Total	Principal and interest payments		
				Total	Principal	Interest				Amount	As percent of schedule	Extra payments and refunds
U. S. Total.....	24,530	\$131,706,910	6,059	\$26,546,076	\$23,490,398	\$3,055,678	18,471	\$30,120,074	\$33,221,508	\$30,999,212	103	\$2,222,296
Alabama.....	1,410	8,096,775	284	1,514,993	1,350,615	164,378	1,126	1,835,049	2,121,875	1,994,703	109	127,172
Arizona.....	118	837,858	46	305,417	272,425	32,992	72	193,295	189,797	185,075	96	4,722
Arkansas.....	1,206	4,261,355	318	1,010,427	901,361	109,066	688	1,012,162	1,141,907	1,067,912	102	73,995
California.....	586	3,830,370	214	1,090,599	961,493	129,106	372	750,749	886,395	767,270	106	59,125
Colorado.....	248	1,423,572	73	343,544	300,393	43,151	175	385,177	383,368	357,612	93	25,756
Connecticut.....	41	170,656	23	81,437	72,916	8,521	18	34,349	45,972	33,714	98	12,258
Delaware.....	10	57,790	5	22,534	22,140	3,394	5	4,533	4,024	4,024	89	0
Florida.....	649	4,453,015	131	657,558	581,449	76,109	518	713,027	810,889	766,310	103	44,579
Georgia.....	1,514	7,720,939	359	1,514,137	1,330,870	183,267	1,155	1,860,467	2,130,555	1,947,938	105	182,417
Idaho.....	410	2,713,812	88	463,295	404,724	58,571	322	700,157	746,290	704,268	101	42,022
Illinois.....	445	1,808,701	161	536,129	474,421	61,708	284	426,816	468,841	450,192	105	18,649
Indiana.....	373	1,893,809	122	445,967	398,116	47,851	251	460,243	515,954	490,563	107	25,380
Iowa.....	448	2,130,585	114	449,709	397,210	52,499	334	465,467	506,941	478,932	103	28,009
Kansas.....	336	1,848,525	100	453,740	402,694	51,046	236	430,948	462,107	421,602	98	40,505
Kentucky.....	559	3,110,994	110	489,160	436,183	52,977	449	761,693	884,759	826,700	109	58,059
Louisiana.....	849	4,651,950	188	870,885	771,843	99,042	661	1,189,234	1,319,011	1,250,803	105	68,208
Maine.....	364	1,667,942	91	290,059	242,014	47,042	273	359,510	396,165	361,660	101	37,105
Maryland.....	188	1,143,829	57	286,547	254,196	32,351	131	213,956	221,038	213,322	100	7,715
Massachusetts.....	29	1,417,473	9	45,245	39,305	5,940	20	30,527	31,286	27,269	89	4,029
Michigan.....	943	2,833,998	137	582,333	503,419	78,914	406	663,523	727,247	701,660	106	25,587
Minnesota.....	427	1,936,383	102	441,502	394,334	47,168	325	350,599	381,303	362,350	103	18,953
Mississippi.....	1,825	8,271,808	352	1,314,178	1,176,781	137,397	1,473	1,772,982	1,935,172	1,820,153	103	115,219
Missouri.....	1,266	4,271,844	354	1,119,096	978,941	131,155	912	976,156	1,081,465	998,664	102	82,801
Montana.....	220	1,438,932	58	311,888	278,071	33,817	162	338,110	379,075	335,693	99	43,382
Nebraska.....	416	1,794,255	167	698,900	611,319	87,581	249	421,535	413,736	392,687	93	20,849
Nevada.....	28	211,489	5	30,076	25,088	4,988	23	56,959	57,334	56,900	100	434
New Hampshire.....	20	79,613	6	22,874	20,238	2,636	14	15,590	13,980	13,360	86	600
New Jersey.....	193	1,017,516	64	255,529	226,590	28,939	129	247,244	247,875	242,466	98	5,409
New Mexico.....	273	1,619,205	75	329,690	284,788	44,902	198	437,061	461,225	424,071	97	37,154
New York.....	214	1,178,583	57	250,919	223,372	27,547	157	284,553	272,697	248,027	94	24,670
North Carolina.....	1,000	6,072,370	210	1,022,605	909,724	112,881	790	1,331,743	1,592,114	1,469,107	110	123,007
North Dakota.....	347	2,610,142	35	180,339	156,174	24,165	312	461,601	487,152	447,189	97	39,963
Ohio.....	287	1,307,980	117	444,729	399,155	45,574	170	250,921	250,232	243,638	100	6,594
Oklahoma.....	1,136	5,740,745	309	1,310,393	1,163,430	146,963	827	1,512,313	1,653,418	1,505,283	108	118,135
Oregon.....	284	1,873,967	83	396,453	349,726	46,727	201	409,427	438,634	404,894	99	33,740
Pennsylvania.....	465	2,047,380	156	486,328	426,893	59,525	309	447,006	492,041	447,708	100	44,333
Rhode Island.....	2	5,570	0	0	0	0	2	1,760	2,064	1,882	107	182
South Carolina.....	758	4,604,734	129	603,493	533,482	70,011	669	1,286,930	1,466,645	1,365,833	106	100,812
South Dakota.....	271	1,523,341	68	308,642	271,642	39,620	203	334,419	328,712	291,484	87	37,228
Tennessee.....	916	4,902,448	175	762,182	674,220	88,601	741	1,010,991	1,108,976	1,115,849	110	73,127
Texas.....	1,359	8,169,401	353	1,825,203	1,618,822	206,381	1,006	2,070,745	2,191,620	2,062,113	100	129,507
Utah.....	339	2,245,088	64	404,897	353,502	51,395	275	566,429	631,705	594,427	105	37,278
Vermont.....	23	108,975	7	28,026	24,895	3,131	16	17,796	23,079	19,168	108	3,911
Virginia.....	407	2,653,338	95	430,590	424,164	56,426	312	713,097	781,232	725,136	102	56,096
Washington.....	286	2,044,643	62	359,713	314,633	45,080	224	444,663	466,592	445,060	99	21,932
West Virginia.....	307	2,067,979	47	289,436	256,895	32,551	260	549,682	643,315	569,749	104	73,566
Wisconsin.....	416	2,067,748	94	367,957	325,989	41,968	322	415,471	470,401	437,524	105	32,877
Wyoming.....	179	1,171,811	49	237,546	211,712	25,834	130	284,363	256,969	246,626	94	10,363
Alaska.....	3	6,130	1	1,105	1,000	105	2	110	0	0	0	0
Hawaii.....	129	1,059,200	32	244,065	210,644	33,421	97	233,116	279,946	255,090	109	24,896
Puerto Rico.....	388	1,937,886	95	443,717	399,174	44,543	293	399,322	396,991	386,965	97	10,006
Virgin Islands.....	20	107,218	8	36,637	33,868	2,769	12	16,658	26,366	16,366	98	10,000

1/ Includes contributions authorized by statute in the form of principal credits, in the amount of \$6,794. Also includes write-offs in the amount of \$14,043 and judgments in the amount of \$21,265.
2/ Includes interest contributions in the amount of \$12,377.
3/ Includes principal and interest contributions in the amount of \$118,796.

Farm Operating Loans

The Appropriation Act for 1959 provides for borrowing \$180,000,000 from the Secretary of the Treasury for operating loans. In addition a contingency borrowing authorization of \$20,000,000 is provided for farm operating and farm ownership loans of which not to exceed \$5,000,000 can be used for farm ownership loans.

These loans were formerly known as production and subsistence loans. Title II of the Bankhead-Jones Farm Tenant Act was amended by Public Law 878, approved August 1, 1956 and as a result thereof the name was changed to "operating" loans.

1. Production and subsistence loans: Loans made prior to the changes in existing authority are reflected in the following table:

Fiscal Year	Adjustment	Annual	Total	Number Subsequent Adjustment Loans	Number Total All Loans	Total Available for Operating Loans
1949	37,935	25,621	63,556	37,049	100,605	\$75,000,000
1950	40,622	8,772	49,394	41,773	91,167	85,000,000
1951	34,311	11,633	45,944	44,230	90,174	103,000,000
1952	23,649	855	24,504	34,361	58,865	110,000,000
1953	23,618	408	24,026	34,413	58,439	120,000,000
1954	26,898	7,237	34,135	39,031	73,166	140,000,000
1955	21,279	1,684	22,963	41,667	64,630	122,500,000
1956	21,090	4,214	25,304	47,174	72,478	137,500,000

See Table I for Distribution by states

2. Use of Farm Operating Funds: The major portion of the operating loan funds in 1958 was used to assist farmers in making basic adjustments in their farming operations. An analysis of all new and supplemental operating loans indicates that 23.4 percent of the loan funds was used for the purchase of productive livestock, 17.7 percent for the purchase of workstock, machinery and equipment, 14.4 percent for the refinancing of existing debts secured by livestock and equipment, and 38.6 percent for current farm operating expenses. The other 5.9 percent was used for pasture and other minor land development, fencing, family-living expenses and other minor items of expense. There was a decrease of 4.1 percentage points in 1958 over 1957 in the amount of funds used for refinancing existing indebtedness. This was about wholly offset by an increase in funds for productive livestock.

An aggregate total of \$8,818,769 was loaned to individuals in excess of the normal \$10,000 principal indebtedness limitation, but within the permitted \$20,000 principal indebtedness limitation. This compares to the total statutory authorization of \$18,000,000 which might have been used for this purpose and which represents 10 percent of the annual funds available for farm operating loans. This amount is more than double the amount of \$4,151,646 used for this purpose in 1957.

The following table shows the number and amount of loans on family-type farms and on less than family-type farms in 1958 and estimated for 1959:

1958	<u>Family-Type Farms</u>		<u>Less Than</u> <u>Family-Type Farms</u>		<u>Total</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Initial Loans.....	19,408	\$84,291,240	3,818	\$4,634,780	23,226	\$88,926,020
Subsequent Loans..	52,502	85,943,846	1,148	919,717	53,650	86,863,563
Total.....	<u>71,910</u>	<u>170,235,086</u>	<u>4,966</u>	<u>5,554,497</u>	<u>76,876</u>	<u>175,789,583</u>
 <u>1959 (Est.)</u>						
Initial loans.....	20,770	\$91,600,000	3,460	\$4,500,000	24,230	\$96,100,000
Subsequent loans..	50,665	83,000,000	1,125	900,000	51,790	83,900,000
Total.....	<u>71,435</u>	<u>174,600,000</u>	<u>4,585</u>	<u>5,400,000</u>	<u>76,020</u>	<u>180,000,000</u>

3. 1959 Program: No major changes in the 1959 program are anticipated over 1958. There was a need for very substantial utilization of funds for subsequent loans to indebted borrowers during the fiscal year 1957. Special attention was given to this problem in 1958 with a view to limiting the amount of total funds used for subsequent loan purposes, but actual subsequent loans exceeded 1957. However, subsequent loans in 1959 are expected to be less than in 1958.
4. Collections: A summary of the cumulative and current collection activity on operating loans is contained in items "A" and "B".
 - A. The following is a resume of the loan disbursements and repayments during the last 12 years. It is noted that the total repayments of \$1,394,150,904 are only \$3,979,320 less than the total disbursements for the period.

<u>Fiscal Year</u>	<u>Loan Disbursements</u>	<u>Principal Repayments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
1947	\$ 89,738,190	\$ 119,784,295	\$ 14,299,621	\$ 134,083,916
1948	59,912,114	101,453,618	12,769,753	114,223,371
1949	74,957,211	78,279,960	11,282,124	89,562,084
1950	84,912,479	68,004,734	9,702,196	77,706,930
1951	102,933,890	83,307,468	10,926,796	94,234,264
1952	109,958,601	90,566,068	11,066,894	101,632,962
1953	119,929,065	82,244,283	11,222,228	93,466,511
1954	139,999,150	89,336,288	11,957,498	101,293,786
1955	122,499,948	111,865,317	13,634,061	125,499,378
1956	137,499,999	121,394,172	14,519,472	135,913,644
1957	179,999,994	135,546,643	14,361,024	149,907,667
1958	175,789,533	160,461,684	16,164,707	176,626,391
Total	1,398,130,224	1,242,244,530	151,906,374	1,394,150,904

B. Cumulative loan advances and collections of comparable type operating loans made by the Farm Security Administration, the Emergency Crop and Feed Loan Division of the Farm Credit Administration and the Farmers Home Administration follow:

<u>Loan Advances</u>	<u>Principal Repayments</u>	<u>Interest Payments</u>	<u>Total Payments</u>	<u>Principal Repayments to Maturities</u>	<u>Total Collection to Advances</u>
<u>Rural Rehabilitation Loans from June 1935 to October 31, 1946</u>					
\$1,004,896,434	\$890,802,040	\$125,177,419	\$1,015,979,459	88.6%	101.1%
<u>Emergency Crop and Feed Loans from 1918 to October 31, 1946</u>					
\$575,934,022	\$477,266,344	\$60,150,903	\$537,417,247	82.9%	93.3%
<u>Farm Operating and Production and Subsistence Loans from November 1, 1946 to June 30, 1958</u>					
\$1,367,584,362	\$986,019,149	\$97,442,957	\$1,083,462,106	93.9%	79.2%

See Table III for distribution by states

5. Progress of Borrowers: A summary of reports from 14,204 active borrowers receiving supervisory and year-end analysis assistance, who repaid their operating loans during the 1958 fiscal year and continued to farm, showed an average increase in net worth between the time of application for the loan and the time of final loan repayment of \$2,979 from \$7,799 to \$10,778.

Average gross cash income for each of these operators was \$4,376 at the time of application, and \$6,877 during the year when final payment was made. Since the average borrower was indebted for 4.5 years, the average year of application was 1953 for those borrowers for whom reports were tabulated.

6. Debts Compromised, Adjusted, or Canceled Pursuant to Public Laws 518, 731 and 878 - Continued emphasis is being given to the settlement of old accounts eligible for compromise, adjustment, or cancellation under existing statutory authorities.

The following schedule shows adjustment, compromise, and cancellation settlements during the fiscal year 1958 and from the inception of such activity on April 4, 1945, through June 30, 1958. Included in the figures are debt settlement activities taken under all programs administered by the Farmers Home Administration including the emergency and special livestock loan programs financed from the Disaster Loan Revolving Fund.

	<u>During Fiscal Year 1958</u>	<u>From Inception April 4, 1945 through June 30, 1958</u>
Number of borrowers involved in settlement	18,125	849,499
Original principal indebtedness	\$19,363,829	\$337,386,016
Repaid prior to settlement:		
Principal	8,769,570	\$133,525,165
Interest	1,739,340	23,146,798
Unpaid balance at time of settlement:		
Principal	\$10,594,260	\$203,860,852
Interest	6,653,663	92,187,020
Principal and Interest paid at time of settlement	\$717,712	\$20,544,778
Principal and interest written off	\$16,530,211	\$275,503,094

Table 1 - Total Operating Loans to Individuals, 1958 Fiscal Year, and Operating and Production and Subsistence Loans, Cumulative From Inception, November 1, 1946 Through June 30, 1958 1/

State and territory	1958 fiscal year										Cumulative - November 1, 1946 through June 30, 1958					
	Initial loans on family-type farms based on:					Initial loans on less-than-family-type farms					All subsequent loans					
	Long-term plans					Annual plans					Total loans					
	Number	Amount	Average amount	Number	Amount	Average amount	Number	Amount	Average amount	Number	Amount	Number	Amount			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
U. S. Total.....	15,657	\$76,895,805	\$4,911	3,751	\$7,395,435	\$1,972	3,818	\$4,634,780	\$1,214	53,650	\$86,863,563	\$1,618	76,876	\$175,789,583	1,019,306	\$1,369,587,282
Alabama.....	715	1,680,315	2,350	323	267,820	829	42	25,155	599	2,674	2,500,044	935	3,754	4,473,334	58,571	41,942,912
Arizona.....	25	962,540	10,520	17	110,930	6,525	6	27,600	4,600	73	301,142	4,125	121	702,212	2,393	7,146,158
Arkansas.....	604	2,412,005	3,993	204	334,645	1,738	232	308,990	1,332	1,843	2,469,482	1,351	2,883	5,565,122	4,924	31,183,330
California.....	109	847,630	7,776	39	268,575	6,887	31	92,450	2,982	287	754,919	2,630	466	1,963,574	8,738	22,962,825
Colorado.....	189	1,289,605	6,823	13	55,900	4,300	0	0	0	1,315	3,087,405	2,348	1,517	4,432,910	16,019	36,734,193
Connecticut.....	2	17,900	8,950	0	0	0	0	0	0	12	24,965	2,078	14	42,865	433	1,122,357
Delaware.....	14	62,750	4,482	0	0	0	0	0	0	28	31,035	1,108	42	93,765	510	713,636
Florida.....	192	651,350	3,392	111	270,555	2,437	64	64,720	1,011	726	1,146,953	1,582	1,093	2,135,548	5,876	18,327,274
Georgia.....	520	2,270,795	4,367	163	307,065	2,375	171	174,130	1,018	1,759	3,460,418	1,934	2,643	6,292,408	52,111	51,347,616
Idaho.....	382	2,517,960	6,592	21	107,170	5,103	65	146,045	2,247	1,394	3,610,193	2,590	1,862	6,381,368	17,705	38,878,880
Illinois.....	558	3,584,895	6,485	44	124,250	2,824	1	2,500	2,500	1,826	3,304,755	1,810	2,429	7,016,400	17,371	39,266,168
Indiana.....	351	2,365,350	6,739	12	18,600	1,550	9	24,030	2,670	981	2,024,544	2,063	1,353	4,324,524	11,108	26,546,127
Iowa.....	612	3,702,020	6,049	4	3,420	855	0	0	0	1,545	2,093,441	1,352	2,161	5,798,881	17,623	37,236,514
Kansas.....	260	1,953,660	7,514	38	145,225	3,822	0	0	0	1,610	3,772,211	2,343	1,908	5,871,096	16,977	33,121,153
Kentucky.....	771	1,599,190	2,074	59	29,460	499	60	73,295	1,222	1,347	1,264,576	939	2,237	2,966,521	28,714	24,696,318
Louisiana.....	552	2,101,215	3,807	165	240,140	1,455	142	232,960	1,641	1,542	2,446,427	1,586	2,401	5,020,742	41,847	42,575,221
Maine.....	215	1,123,805	5,227	27	96,900	3,569	23	33,260	1,446	843	2,244,385	2,627	1,108	3,468,350	9,777	20,312,241
Maryland.....	134	615,830	4,592	45	45,730	1,016	12	13,800	1,150	368	479,920	1,304	559	1,155,280	6,289	8,793,083
Massachusetts.....	8	58,360	7,295	0	0	0	1	1,000	1,000	44	98,840	2,246	53	158,200	859	1,607,648
Michigan.....	321	2,109,770	6,572	24	89,270	3,720	34	80,785	2,376	888	1,756,798	1,977	1,267	4,036,623	14,120	30,999,118
Minnesota.....	459	3,109,750	6,775	104	222,285	2,137	18	42,555	2,364	875	1,101,323	1,257	1,456	4,475,913	15,527	34,142,121
Mississippi.....	681	2,409,985	3,098	174	184,340	1,059	434	397,955	917	2,565	2,236,631	872	3,854	4,928,913	63,534	51,866,745
Missouri.....	571	3,067,240	5,407	85	145,225	1,709	101	243,900	2,415	2,556	3,670,346	1,436	3,313	7,146,711	30,310	47,907,371
Montana.....	146	1,151,310	7,886	24	90,585	3,774	37	89,370	2,415	878	2,221,106	2,529	1,085	3,552,371	15,746	33,438,279
Nebraska.....	367	2,069,340	5,639	29	61,940	2,136	7	14,350	2,050	1,774	2,252,273	1,270	2,177	4,397,903	13,739	27,363,266
Nevada.....	6	40,395	6,731	2	18,980	9,490	8	37,250	4,656	17	84,781	4,987	33	181,396	695	2,034,013
New Hampshire.....	21	136,975	6,523	0	0	0	1	3,600	3,600	100	169,393	1,694	122	309,955	1,416	3,276,862
New Jersey.....	136	541,995	3,985	9	24,400	2,711	6	18,400	2,067	339	623,932	1,825	490	1,208,727	10,045,411	19,122,846
New Mexico.....	131	782,235	5,971	24	90,670	3,778	8	22,940	2,818	484	1,223,745	2,528	647	2,119,190	9,799	26,756,396
New York.....	187	1,571,735	8,405	16	139,830	8,739	27	120,650	4,469	827	1,355,060	1,638	1,057	3,187,275	13,147	26,756,396
North Carolina.....	1,044	2,844,525	2,686	658	840,110	1,277	546	417,110	764	2,901	4,439,825	1,530	5,149	8,501,570	78,557	66,701,238
North Dakota.....	442	2,852,325	6,453	64	74,225	1,160	3	2,290	763	1,562	1,961,872	1,256	2,071	4,890,712	17,679	32,090,202
Ohio.....	248	1,378,705	5,559	1	5,400	5,400	24	55,325	2,305	394	642,013	1,629	667	2,081,443	18,596	63,469,645
Oklahoma.....	501	2,658,025	5,305	71	132,750	1,870	155	381,640	2,462	2,571	3,502,229	1,362	3,298	6,674,644	48,460	27,306,904
Oregon.....	170	1,150,020	6,765	29	133,375	4,599	33	98,010	2,970	503	1,376,707	2,737	735	2,758,112	7,365	17,135,363
Pennsylvania.....	264	1,867,720	7,075	2	11,300	5,650	27	92,755	3,435	793	1,473,669	1,858	1,086	3,445,444	11,916	24,505,363
Rhode Island.....	0	0	0	1	9,500	9,500	0	0	0	4	5,502	1,375	5	15,002	140	315,217
South Carolina.....	369	791,040	2,144	334	66,145	1,084	1,020	503,645	494	1,074	1,084,262	1,010	2,797	2,741,117	73,537	38,391,063
South Dakota.....	45	326,145	6,877	45	66,145	1,470	1	4,000	4,000	1,923	2,941,454	1,322	2,295	4,853,574	15,966	31,228,886
Tennessee.....	521	1,399,805	2,687	83	80,310	968	73	79,765	1,093	1,663	1,623,709	976	2,340	3,183,569	27,143	23,249,130
Texas.....	904	5,434,460	6,012	450	1,330,845	2,957	85	156,860	1,845	3,512	6,473,313	1,843	4,951	13,395,478	73,211	114,239,999
Utah.....	194	753,080	3,379	11	28,090	2,554	33	80,580	2,442	497	1,145,102	2,303	681	2,006,952	6,906	12,919,778
Vermont.....	18	156,055	8,670	0	0	0	0	0	0	90	1,454,251	1,825	108	320,306	1,710	3,518,899
Virginia.....	186	635,980	3,419	79	116,865	1,479	55	62,765	1,141	580	882,713	1,522	900	1,698,323	16,608	14,254,119
Washington.....	292	2,027,440	6,943	56	295,090	5,091	9	37,820	4,202	902	2,449,234	2,693	1,259	4,799,584	9,770	27,306,904
West Virginia.....	122	415,515	3,406	19	22,890	1,205	117	180,660	1,544	442	619,147	1,399	700	1,238,212	7,284	9,966,731
Wisconsin.....	474	2,899,090	6,116	0	0	0	31	103,020	3,323	908	1,170,315	1,289	1,413	4,172,425	15,767	32,041,616
Wyoming.....	95	832,470	8,763	26	204,900	7,881	4	25,425	6,356	570	1,486,921	2,608	695	2,549,716	10,906	24,157,271
Alaska.....	1	7,400	7,400	0	0	0	0	0	0	25	88,330	3,533	26	95,730	177	524,034
Hawaii.....	61	194,775	3,193	4	6,340	1,585	8	10,700	1,338	102	189,385	1,957	175	401,200	1,299	2,569,372
Puerto Rico.....	240	567,535	2,365	40	90,320	2,258	48	48,340	1,007	1,062	1,701,610	1,602	1,390	2,407,805	32,799	24,241,638
Virgin Islands.....	0	0	0	2	900	450	6	2,780	463	22	38,970	1,771	30	42,650	508	393,295

1/ Does not include loans from state rural rehabilitation corporation funds.

2/ Subsequent loan amounts include recoverable and non-recoverable loan costs such as advances for taxes and insurance, and filing fees. The average amounts exclude loan costs.



Table II - Total Operating Loans to Veterans Only, 1958 Fiscal Year, and Operating and Production and Subsistence Loans, Cumulative From Inception, November 1, 1946, Through June 30, 1958 1/

State and territory	1958 fiscal year																All subsequent loans ^{2/}				Total loans				Cumulative - November 1, 1946 through June 30, 1958			
	Initial loans on family-type farms based on:						Initial loans on less-than-family-type farms				All subsequent loans																	
	Long-term plans			Annual plans			Less-than-family-type farms		Initial loans on family-type farms based on:		Initial loans on less-than-family-type farms		All subsequent loans		Total loans													
	Number	Amount	Average amount	Number	Amount	Average amount	Number	Amount	Average amount	Number	Amount	Average amount	Number	Amount	Average amount	Number	Amount	Number	Amount									
U. S. Total.....	6,122	\$31,956,580	\$5,220	987	\$2,383,850	\$2,445	1,059	\$1,677,705	\$1,584	21,362	\$37,637,475	\$1,762	29,530	\$73,655,610	346,565	\$592,018,349	15	16										
Alabama.....	218	586,835	2,692	71	71,855	1,012	11	8,035	730	807	913,592	1,132	1,107	1,580,317	16,117	14,950,861												
Arizona.....	8	86,520	10,815	9	53,500	5,944	1	1,000	1,000	39	156,172	4,004	57	297,192	1,135	3,475,095												
Arkansas.....	228	970,440	4,256	42	80,185	1,909	97	148,645	1,532	653	988,830	1,514	1,020	2,188,100	16,587	21,037,875												
California.....	49	359,465	7,336	17	119,445	7,026	9	25,990	2,888	132	330,597	2,504	207	835,497	6,432	10,932,306												
Colorado.....	77	514,170	6,678	4	10,950	2,738	0	0	0	504	1,255,176	2,490	585	1,780,296	6,432	13,976,394												
Connecticut.....	1	15,000	15,000	0	0	0	0	0	0	6	16,015	2,669	7	31,015	172	437,755												
Delaware.....	5	23,500	4,700	0	0	0	0	0	0	10	10,175	1,018	15	33,675	187	264,581												
Florida.....	65	259,900	3,998	40	116,375	2,909	23	21,510	935	287	585,100	1,830	415	922,885	6,096	8,681,200												
Georgia.....	193	909,475	4,712	35	125,120	3,575	25	30,375	1,215	632	1,252,510	1,982	885	2,317,480	12,158	17,700,050												
Idaho.....	190	1,143,635	6,019	8	38,930	4,866	22	65,790	2,990	795	2,171,283	2,731	1,015	3,419,638	9,070	20,978,955												
Illinois.....	267	1,699,040	6,363	17	40,210	2,365	0	0	0	889	1,682,615	1,893	1,173	3,421,865	8,742	20,697,962												
Indiana.....	147	1,043,060	7,096	5	8,480	1,696	3	11,400	3,800	485	1,037,929	2,140	640	2,100,869	5,350	13,567,929												
Iowa.....	309	1,913,730	6,193	0	0	0	0	0	0	765	1,090,830	1,426	1,074	3,004,560	8,452	19,418,434												
Kansas.....	102	768,230	7,532	12	50,930	4,244	0	0	0	668	1,569,815	2,350	782	2,388,975	7,763	15,667,393												
Kentucky.....	329	702,705	2,136	17	7,845	461	29	35,230	1,215	568	567,898	1,000	943	1,313,678	10,549	10,752,491												
Louisiana.....	185	882,550	4,771	34	75,655	2,225	42	82,690	1,969	414	759,098	1,833	675	1,799,993	10,521	14,719,016												
Maine.....	86	451,120	5,246	5	13,770	2,754	6	10,150	1,692	364	975,660	2,680	461	1,450,700	3,726	8,137,272												
Maryland.....	34	212,600	6,253	7	7,160	1,023	2	900	450	88	149,131	1,695	131	369,791	1,599	2,806,330												
Massachusetts.....	4	31,110	7,778	0	0	0	0	0	0	20	37,455	1,872	24	68,565	394	865,865												
Michigan.....	121	738,425	6,103	8	33,030	4,129	15	37,045	2,470	391	759,092	1,937	535	1,567,592	6,543	14,491,984												
Minnesota.....	226	1,551,025	6,863	37	76,915	2,079	9	20,215	2,246	432	559,425	1,295	704	2,207,580	7,727	17,979,663												
Mississippi.....	234	793,490	3,391	36	49,130	1,365	119	125,320	1,053	894	908,165	1,016	1,283	1,876,110	18,045	20,410,450												
Missouri.....	266	1,447,940	5,443	30	42,630	1,421	47	120,180	2,557	1,278	1,949,336	1,525	1,621	3,560,086	14,975	25,201,999												
Montana.....	58	478,185	8,245	10	38,095	3,810	21	41,940	1,997	380	928,331	2,443	469	1,486,751	6,857	15,772,656												
Nebraska.....	192	1,043,420	5,434	11	26,860	2,442	2	2,660	1,330	894	1,174,795	1,314	1,099	2,247,735	6,922	14,326,594												
Nevada.....	2	10,170	5,085	0	0	0	3	11,150	3,717	7	27,850	3,979	12	49,170	327	933,680												
New Hampshire.....	4	21,785	5,446	0	0	0	0	3,600	3,600	46	81,855	1,779	51	107,240	649	1,576,806												
New Jersey.....	41	165,685	4,041	1	1,000	1,000	4	1,700	1,700	96	169,746	1,768	139	338,131	1,751	3,660,474												
New Mexico.....	53	356,785	6,732	10	39,790	3,979	4	14,090	3,522	206	537,970	2,611	273	948,635	4,192	8,515,265												
New York.....	67	587,415	8,767	4	40,000	10,000	10	53,330	5,333	307	485,250	1,581	388	1,165,995	4,730	10,490,127												
North Carolina.....	350	1,008,680	2,882	148	216,425	1,462	164	135,460	826	1,016	1,659,144	1,633	1,678	3,019,709	18,453	20,847,951												
North Dakota.....	164	1,021,015	6,226	22	26,310	1,196	1	1,196	1,196	594	812,195	1,367	781	1,860,110	7,702	14,666,086												
Ohio.....	108	611,400	5,661	17	5,400	5,400	17	41,730	2,455	193	340,650	1,765	319	999,180	3,959	9,691,587												
Oklahoma.....	178	985,240	5,535	27	65,995	2,443	65	176,740	2,719	830	1,194,296	1,439	1,100	2,422,231	18,993	27,846,308												
Oregon.....	54	380,925	7,054	13	59,565	4,582	13	33,240	2,577	207	587,947	2,840	287	1,061,677	3,339	7,910,673												
Pennsylvania.....	99	707,255	7,144	1	1,800	1,800	8	36,895	4,607	317	595,543	1,879	425	1,341,453	5,159	11,089,888												
Rhode Island.....	0	0	0	0	9,500	9,500	0	0	0	2	3,300	1,650	3	12,800	39	101,350												
South Carolina.....	104	260,325	2,503	70	96,705	1,382	133	82,715	622	286	412,475	1,442	593	852,220	11,840	9,490,656												
South Dakota.....	160	977,140	6,514	16	24,680	1,542	0	0	0	1,020	1,458,355	1,430	1,186	2,460,175	8,477	17,362,432												
Tennessee.....	169	466,475	2,760	25	28,975	1,159	23	26,155	1,137	496	524,210	1,057	713	1,045,815	8,155	8,370,766												
Texas.....	345	2,156,445	6,251	123	424,380	3,450	32	17,460	2,108	1,350	2,703,514	2,003	1,850	5,351,799	25,441	48,057,670												
Utah.....	61	288,540	4,730	5	10,330	2,066	10	19,875	1,988	208	487,150	2,342	284	805,895	3,290	6,144,387												
Vermont.....	5	43,410	8,682	0	0	0	0	0	0	34	59,970	1,764	39	103,380	660	1,428,801												
Virginia.....	72	267,500	3,715	16	26,950	1,684	12	8,700	725	226	391,595	1,733	326	694,745	4,502	5,552,127												
Washington.....	142	1,016,835	7,161	27	137,110	5,078	3	14,670	4,890	452	1,363,953	3,018	624	2,532,568	4,862	14,136,898												
West Virginia.....	49	184,870	3,773	7	13,940	1,991	49	89,446	1,826	203	284,688	1,400	308	572,958	2,981	4,462,750												
Wisconsin.....	223	1,352,785	6,066	16	42,550	2,659	16	57,014	3,611	422	569,014	1,348	661	1,979,569	7,288	15,698,053												
Wyoming.....	39	321,550	8,245	6	47,480	7,913	1	5,000	5,000	271	718,240	2,650	317	1,092,270	5,313	12,035,959												
Alaska.....	0	0	0	0	0	0	0	0	0	18	70,715	3,929	18	70,715	111	339,490												
Hawaii.....	12	42,380	3,532	0	0	0	5	4,600	920	39	77,500	1,987	56	124,480	521	1,023,525												
Puerto Rico.....	37	96,400	2,605	9	20,480	2,276	5	3,740	748	117	243,425	2,081	168	364,045	3,052	3,274,225												
Virgin Islands.....	0	0	0	0	0	0	0	0	0	4	7,700	1,925	4	7,700	43	59,305												

1/ Does not include loans from state rural rehabilitation corporation funds.

2/ Subsequent loan amounts include recoverable and non-recoverable loan costs such as advances for taxes and insurance, and filing fees. The average amounts exclude loan costs.

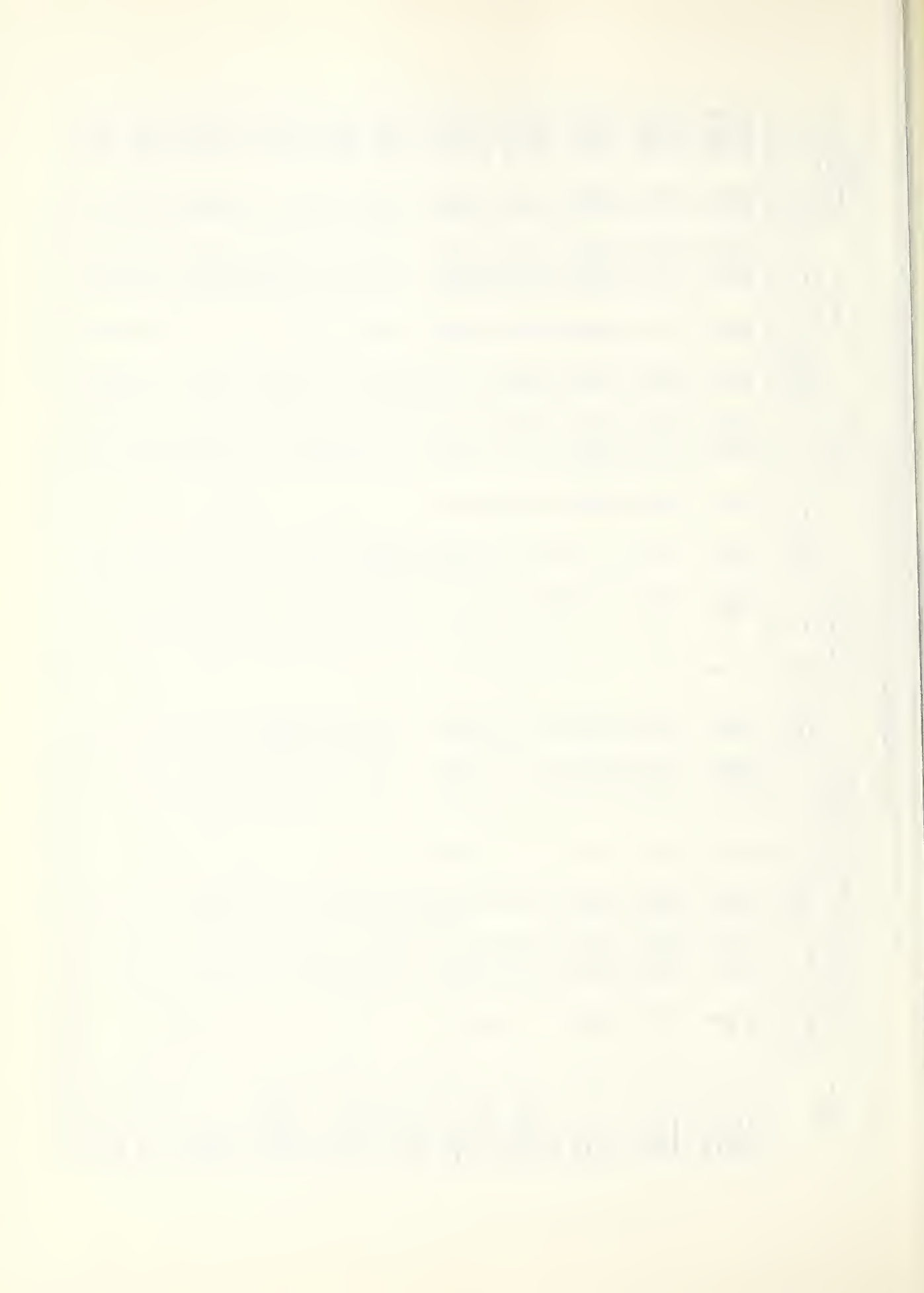


Table III - Operating and Production and Substantive Loans, Mortgages and Collections,
Cumulative From November 1, 1946 Through June 30, 1958

State and territory	Cumulative loan obligations	Cumulative advances 1/	Matured principal	Collections			Principal			Unpaid principal balance	Ratio of principal repayments to matured principal
				Principal repayments	Interest payments	Total	Write-offs	Judgments			
								4	5			6	7	8	9
U. S. Total.....	\$1,369,587,282	\$1,367,584,362	\$1,050,364,866	\$986,019,149	\$97,442,957	\$1,083,462,106	\$9,014,510	\$1,452,314	\$371,098,389	93.9%	
Alabama.....	41,942,912	41,621,819	35,381,441	33,730,562	2,147,977	35,878,539	390,097	51,817	7,449,343	95.3	
Arizona.....	7,146,158	7,484,347	6,469,923	5,914,167	443,122	6,357,289	76,112	8	1,471,060	91.4	
Arkansas.....	51,163,330	49,803,622	41,660,347	39,375,868	3,298,062	42,674,930	494,669	89,158	9,843,907	94.5	
California.....	22,962,825	25,393,110	21,908,615	19,921,043	1,969,631	21,890,674	493,703	10,965	4,967,399	90.9	
Colorado.....	32,734,193	32,498,361	26,001,369	22,620,409	2,255,715	24,876,124	120,647	63,684	9,693,441	87.0	
Connecticut.....	1,122,357	1,266,969	1,048,423	993,972	106,602	1,100,574	20,223	4,346	248,428	94.8	
Delaware.....	713,636	735,557	600,013	485,053	71,582	556,635	1,913	1,242	247,349	80.8	
Florida.....	18,327,274	18,843,689	16,206,057	14,355,837	1,144,042	15,499,879	343,107	94,134	4,050,611	88.6	
Georgia.....	51,317,616	51,098,238	42,591,810	40,312,140	2,606,573	42,918,713	718,297	82,415	9,985,386	94.6	
Idaho.....	38,878,880	38,786,255	27,404,731	26,270,825	2,764,575	29,035,400	111,948	13,890	12,389,592	95.9	
Illinois.....	39,266,168	39,906,876	27,069,738	26,181,604	2,928,096	29,109,700	174,964	14,194	13,536,114	96.7	
Indiana.....	26,546,127	26,846,014	18,073,724	17,555,283	1,967,353	19,522,636	105,248	16,020	9,169,463	97.1	
Iowa.....	37,236,518	37,456,518	27,338,022	26,501,660	2,792,252	26,501,660	78,357	7,919	13,660,834	99.9	
Kans.....	33,121,153	33,315,015	24,020,590	22,096,837	2,486,904	24,583,741	179,622	23,014	11,015,542	92.0	
Kentucky.....	24,696,318	24,366,165	18,922,615	18,182,911	2,002,619	20,185,530	92,015	4,640	6,080,599	96.1	
Louisiana.....	42,575,221	42,469,146	34,836,560	33,191,521	2,356,226	35,547,747	278,930	83,957	8,914,738	95.3	
Maine.....	20,341,241	20,146,168	14,627,980	14,302,649	1,261,799	15,564,448	69,836	9,073	5,764,610	97.8	
Maryland.....	8,793,083	8,894,692	6,397,189	5,707,142	894,160	6,561,302	40,638	2,145	3,144,767	89.2	
Massachusetts.....	1,807,648	1,882,552	1,429,720	1,344,911	147,125	1,492,036	23,068	9,478	505,095	94.1	
Michigan.....	30,999,118	31,245,126	21,221,269	19,945,527	3,044,706	22,990,233	190,765	20,040	11,088,794	94.0	
Minnesota.....	34,142,121	34,136,569	24,483,835	23,973,779	3,032,689	27,006,468	132,839	20,127	10,009,824	97.9	
Mississippi.....	51,866,745	51,294,453	38,921,859	38,921,859	3,290,152	42,212,011	811,503	37,494	11,523,597	92.3	
Missouri.....	47,907,371	47,601,112	37,202,091	35,468,715	3,429,124	38,897,839	163,303	21,617	11,947,477	95.3	
Montana.....	33,438,279	33,407,242	27,024,039	25,659,216	2,599,465	28,258,681	76,543	34,170	7,637,313	94.9	
Nebraska.....	27,363,266	27,143,343	18,454,237	17,961,448	1,906,768	19,868,216	58,401	36,687	9,086,807	97.3	
Nevada.....	2,034,013	2,058,286	1,677,780	1,565,458	193,587	1,759,045	18,831	902	473,095	93.3	
New Hampshire.....	3,276,862	3,219,890	2,300,244	2,191,228	315,221	2,506,449	26,813	12,937	988,912	95.3	
New Jersey.....	10,705,411	10,052,030	7,576,842	6,749,355	784,378	7,533,733	71,799	52,139	3,178,737	89.1	
New Mexico.....	18,122,886	18,579,215	13,653,936	13,385,984	1,325,022	14,711,006	138,166	12,546	5,042,499	85.7	
New York.....	26,756,596	26,648,190	18,013,696	16,908,720	2,591,244	19,499,964	235,355	47,697	9,456,418	93.9	
North Carolina.....	66,701,238	66,485,890	54,828,081	53,132,576	3,280,505	56,413,081	397,306	49,117	12,906,831	96.9	
North Dakota.....	31,476,328	31,476,328	18,157,154	17,493,686	2,455,125	19,948,811	52,092	75,074	13,855,476	96.3	
Ohio.....	18,692,397	19,025,408	14,119,091	13,475,520	1,715,063	15,190,583	137,440	42,096	5,370,352	95.4	
Oklahoma.....	63,469,645	62,044,123	50,679,590	46,814,326	5,183,501	51,997,827	183,651	27,805	15,018,341	92.4	
Oregon.....	17,135,363	17,337,279	13,212,509	12,496,143	1,152,040	13,648,183	66,725	8,017	4,766,394	94.6	
Pennsylvania.....	24,505,363	24,317,918	15,668,760	14,769,944	2,395,400	17,165,344	108,724	107,201	9,332,049	94.3	
Rhode Island.....	315,217	309,005	243,186	236,326	25,816	262,142	1,084	0	71,595	97.2	
South Carolina.....	38,391,063	38,292,704	34,601,489	32,606,624	1,732,801	34,339,425	595,579	58,373	5,032,126	94.2	
South Dakota.....	31,228,886	30,703,840	19,866,512	18,543,266	2,538,660	21,081,926	44,096	17,013	12,099,465	93.3	
Tennessee.....	23,249,130	23,278,845	18,196,771	17,142,456	1,596,678	18,739,134	165,190	2,030	5,969,169	94.2	
Texas.....	114,239,999	114,830,142	93,504,349	81,599,417	7,619,938	89,219,355	982,237	65,232	32,183,256	87.3	
Utah.....	12,919,778	12,946,414	9,502,884	9,047,437	1,076,894	10,124,331	40,578	20,952	3,837,447	95.2	
Vermont.....	3,518,999	3,454,264	2,562,237	2,524,690	362,337	2,887,027	36,674	107	892,793	98.5	
Virginia.....	14,254,119	14,233,047	11,166,531	10,495,787	952,197	11,447,984	71,705	13,257	3,652,298	94.0	
Washington.....	27,306,904	27,807,880	19,558,223	18,099,744	1,958,566	20,058,310	76,729	39,938	9,591,469	92.5	
West Virginia.....	9,966,731	9,786,229	6,404,852	6,039,986	879,905	6,919,891	23,925	7,376	3,714,942	94.3	
Wisconsin.....	32,041,616	31,724,237	21,739,279	21,706,426	3,021,674	24,728,100	84,525	11,022	9,922,264	99.8	
Wyoming.....	24,157,271	23,635,691	18,581,628	18,275,598	1,798,841	20,074,439	83,933	25,267	5,250,893	93.3	
Alaska.....	524,034	569,269	369,551	339,078	53,395	392,473	0	0	230,191	91.8	
Hawaii.....	2,569,372	2,552,618	1,742,890	1,647,861	199,197	1,847,058	13,691	3,800	891,066	94.5	
Puerto Rico.....	24,241,638	24,205,427	20,223,107	20,258,387	1,297,591	21,555,978	109,926	0	3,833,314	100.2	
Virgin Islands.....	393,295	393,295	270,904	290,440	29,312	319,752	948	0	101,907	107.2	

1/ Cumulative advances by states include the face amounts of individual notes owed by borrowers transferring from one state to another while still indebted.



Soil and Water Conservation Loans

During the 1958 fiscal year, a total of \$5,500,000 was available for direct soil and water conservation loans. In addition, an insured loan authorization of \$25,000,000 was available. A total of \$4,563,096 was obligated for direct loans. Insured loans during the year totalled only \$1,170,300. While there was a shortage of funds for insured loans during most of the year, the fact that not all of the direct loan funds available was obligated shows that the lack of applicant demand was the principal factor causing the reduction of 40% in total loan volume below 1957.

The adequacy of funds for insured loans has changed from month to month. However, on December 22, 1958 the interest return to the lender was increased from $3\frac{1}{2}$ to 4 percent. This is expected to provide ample funds.

1. Use of Loan Funds: Soil and water conservation loans continued to be made in 1958 primarily for irrigation and domestic water purposes. The amount of loan funds used strictly for soil conservation purposes was relatively small.

In 1958, about 70 percent of the total amount loaned to individuals was used for irrigation facilities, 5 percent for domestic water supplies, 10 percent for soil conservation practices and for the purchase of machinery and equipment to be used for construction and development work in connection with such soil conservation practices, 4 percent for drainage and 10 percent for pasture improvement. Of the total amount loaned to associations, 46 percent was used for domestic water supplies, 44 percent for irrigation and about 5 percent for the purchase of machinery and equipment to be used for construction and development work in connection with soil conservation services. Individuals receiving loans planned to irrigate about 48,000 acres and improve about 13,000 acres of pasture land.

A substantial portion of the total direct and insured loans was made in the Eastern, Southern and Midwestern States which were not covered by the program prior to its extension under Public Law 597, approved August 17, 1954. The total amount of direct and insured loans for the fiscal year 1958 in the 17 Western arid and semi-arid States was \$4,240,087. Loans in all other states and territories which were not previously covered by the program, totaled \$1,493,309.

2. Applications: During 1958, 1802 applications for new loans from individuals and 65 applications from associations were received. On June 30, 1958, there were 591 applications from individuals and 89 applications from associations on hand. Applications from individuals in 1958 were about 59 percent under the 1957 applications, while applications from associations decreased from 109 to 65. The annual volume of applications for soil and water conservation loans has proved to be very unpredictable. However, judging from the amount of rainfall experienced in many areas of the country in 1958, a continued decrease in applications in 1959 seems likely.

3. Number and Amount of Loans: The following table shows the number of both direct and insured soil and water conservation loans made in fiscal year 1955 from September 17, 1954, in fiscal years 1956, 1957 and 1958 and estimated for fiscal year 1959. The numbers and amounts of direct loans for fiscal year 1955 include 520 initial and subsequent water facilities loans for \$2,608,589 made prior to September 17, 1954.

Soil and Water Conservation Loans

<u>Fiscal Year</u>	<u>Loans to individuals</u>		<u>Loans to groups</u>		<u>Total</u>
	<u>Initial</u>	<u>Supple- mental</u>	<u>Initial</u>	<u>Supple- mental</u>	
<u>1955 (Actual)</u>					
<u>Direct</u>					
Number	660	48	28	12	748
Amount	\$2,459,425	\$102,308	\$1,319,710	\$161,300	\$4,042,743
<u>Insured</u>					
Number	2,802	96	14	0	2,913
Amount	14,570,390	375,276	298,650	0	15,244,316
<u>1956 (Actual)</u>					
<u>Direct</u>					
Number	335	42	9	0	386
Amount	665,142	79,780	568,900	0	1,313,822
<u>Insured</u>					
Number	1,767	111	28	1	1,907
Amount	9,257,997	359,135	772,945	6,750	10,396,827
<u>1957 (Actual)</u>					
<u>Direct</u>					
Number	804	81	21	3	909
Amount	4,343,335	249,380	883,900	23,200	5,499,815
<u>Insured</u>					
Number	610	54	10	0	674
Amount	3,173,384	162,855	589,930	0	3,926,169
<u>1958 (Actual)</u>					
<u>Direct</u>					
Number	516	77	39	1	633
Amount	2,582,790	257,407	1,716,399	6,500	4,563,096
<u>Insured</u>					
Number	185	32	5	1	223
Amount	809,570	133,830	224,900	2,000	1,170,300

	<u>Loans to individuals</u>		<u>Loans to groups</u>		
<u>Fiscal Year</u>	<u>Initial</u>	<u>Supple- mental</u>	<u>Initial</u>	<u>Supple- mental</u>	<u>Total</u>
<u>1959 (Estimated)</u>					
Direct					
Number	820	105	20	5	950
Amount	\$4,105,000	\$355,000	\$1,000,000	\$ 40,000	\$5,500,000
Insured					
Number	615	55	45	5	720
Amount	2,700,000	240,000	2,000,000	60,000	5,000,000

See Tables I and II for distribution by States

4. Repayments on Loans: Water facilities loans to individuals made prior to September 17, 1954 are on a principal maturity basis with payments scheduled during the year when agricultural income is normally received. Water facilities loans to associations while previously set up on this basis, recently have been converted to an amortized basis. All soil and water conservation loans to individuals and associations are on an amortized basis with annual payments due January 1. The following is a status of accounts reported on the basis of maturities and on an amortized basis as indicated.

Maturity Basis - Paid-Up Borrowers and Borrowers Owing Balances

Water Facilities Loans to Individuals as of June 30, 1958

<u>Loan Advances</u>	<u>Matured Principal</u>	<u>Principal Repayments</u>	<u>Interest Payments</u>	<u>Ratio of Principal Repayments to Matured Principal</u>
\$29,763,955	\$22,013,074	\$21,532,475	\$3,020,495	97.8%

Amortized Basis - Borrowers Owing Balances Only

<u>Loan Advances</u>	<u>Principal and Interest</u>		<u>Ratio Payments to Installments</u>	<u>Extra Payments and Refunds</u>
	<u>Cumulative Installments</u>	<u>Cumulative Regular Payments</u>		

Water Facilities Loans to Associations as of December 31, 1957

\$7,068,215	\$2,745,162	\$2,836,656	103%	\$ 89,366
-------------	-------------	-------------	------	-----------

Soil and Water Conservation Loans to Individuals as of January 1, 1958

\$32,515,484	\$7,923,242	\$6,947,920	88%	\$826,915
--------------	-------------	-------------	-----	-----------

Soil and Water Conservation Loans to Associations as of January 1, 1958

\$4,555,567	\$ 421,534	\$ 350,613	83%	\$ 66,782
-------------	------------	------------	-----	-----------

Soil and Water Conservation Loans

From inception of this new program on September 15, 1954 to January 1, 1958, 7,158 direct and insured loans to individuals had been made. On the same date 811 borrowers had paid in full their principal indebtedness of \$2,948,362 and had made interest payments of \$172,951, including insured loan charges. Of the 6,347 borrowers receiving loans of \$32,515,484 who still owe balances, 1,339 were ahead of their scheduled payments, 1,642 were behind their scheduled payments, and 3,366 were on schedule.

As of January 1, 1958, direct and insured loans had been made to 110 associations. Three associations borrowing \$12,950 had paid in full. Of the 107 associations owing balances, 27 associations were ahead of schedule, 35 were behind schedule and 45 were on schedule as of January 1, 1958.

See Tables III, IV, V, and VI for distribution by States

Table I - Soil and Water Conservation Loans to Individuals and Groups: Number and Amount of Direct Loans, 1958 Fiscal Year and Cumulative From Inception, September 17, 1954, Through June 30, 1958

State and territory	1958 fiscal year												Total amount to individuals and groups from Sept. 17, 1954 through June 30, 1958
	Loans to individuals					Loans to groups							
	Initial		Average amount	Subsequent		Initial		Subsequent					
	Number	Amount		Number	Amount including loan costs	Number	Amount	Average amount	Number	Amount			
										10	11		
1	2	3	4	5	6	7	8	9	10	11	12		
U. S. Total.....	516	\$2,582,790	\$5,005	77	\$257,407	39	\$1,716,399	\$44,010	1	\$6,500	\$4,563,096	\$12,698,661	
Alabama.....	4	27,380	6,845	0	0	0	0	0	0	0	27,380	40,470	
Arizona.....	1	2,000	2,000	0	206	0	0	0	0	0	2,206	13,244	
Arkansas.....	9	29,680	3,298	0	3	0	0	0	0	0	29,683	43,166	
California.....	35	278,570	7,959	7	41,705	0	0	0	0	0	320,275	749,631	
Colorado.....	5	31,930	6,386	3	10,490	4	217,980	54,495	0	0	260,400	625,108	
Connecticut.....	0	0	0	0	0	0	0	0	0	0	0	0	
Delaware.....	0	0	0	0	0	0	0	0	0	0	0	0	
Florida.....	20	127,000	6,350	3	5,840	0	0	0	0	0	132,840	543,060	
Georgia.....	8	16,780	2,098	0	15	0	0	0	0	0	16,795	123,830	
Idaho.....	40	326,350	8,159	8	28,644	4	46,500	11,625	0	0	401,494	839,601	
Illinois.....	16	43,150	2,697	0	0	0	0	0	0	0	43,150	115,442	
Indiana.....	3	8,470	2,823	0	2	0	0	0	0	0	8,472	28,543	
Iowa.....	11	61,980	5,635	0	0	0	0	0	0	0	61,980	65,980	
Kansas.....	3	9,510	3,170	1	3,235	2	450,000	225,000	0	0	462,745	1,105,515	
Kentucky.....	16	48,320	3,020	0	30	0	0	0	0	0	48,350	561,625	
Louisiana.....	11	60,465	5,497	0	0	0	0	0	0	0	60,465	111,550	
Maine.....	0	0	0	0	0	0	0	0	0	0	0	10,085	
Maryland.....	4	17,200	4,300	1	7,700	0	0	0	0	0	24,900	28,000	
Massachusetts.....	0	0	0	0	0	0	0	0	0	0	0	0	
Michigan.....	7	34,920	4,989	1	5,000	0	0	0	0	0	39,920	79,665	
Minnesota.....	3	8,500	2,833	0	0	0	0	0	0	0	8,500	15,701	
Mississippi.....	28	27,995	1,000	1	1,017	0	0	0	0	0	29,012	171,898	
Missouri.....	12	41,775	3,481	1	1,225	0	0	0	0	0	43,000	207,950	
Montana.....	10	33,040	3,304	10	39,143	1	40,000	40,000	0	0	112,183	542,962	
Nebraska.....	30	220,980	7,366	1	1,010	0	0	0	0	0	221,990	1,144,318	
Nevada.....	0	0	0	0	677	0	0	0	0	0	677	31,827	
New Hampshire.....	0	0	0	0	0	0	0	0	0	0	0	0	
New Jersey.....	6	29,990	4,998	6	18,280	1	35,500	35,500	0	0	83,770	16,380	
New Mexico.....	0	0	0	0	325	0	0	0	0	0	10,709	325	
New York.....	10	41,730	4,173	1	3,000	0	0	0	0	0	44,730	46,230	
North Carolina.....	17	35,740	2,102	1	408	1	16,549	16,549	0	0	52,697	123,732	
North Dakota.....	6	12,390	2,065	1	1,735	1	23,000	23,000	0	0	37,125	101,583	
Ohio.....	5	14,800	2,960	0	0	0	0	0	0	0	14,800	28,150	
Oklahoma.....	11	80,690	7,335	0	17	0	0	0	0	0	80,707	191,383	
Oregon.....	20	70,015	3,501	6	15,700	3	44,700	14,900	0	0	130,415	368,917	
Pennsylvania.....	3	7,300	2,433	0	0	1	246,000	246,000	0	0	253,300	284,865	
Rhode Island.....	4	34,000	8,500	0	0	0	0	0	0	0	34,000	118,280	
South Carolina.....	8	10,925	1,366	0	463	0	0	0	0	0	141,388	141,234	
South Dakota.....	17	18,930	1,102	0	0	0	0	0	0	0	28,930	48,707	
Tennessee.....	29	171,995	5,931	3	12,633	1	27,500	27,500	0	0	212,128	910,113	
Texas.....	45	218,655	4,859	17	44,445	3	64,750	21,583	0	0	327,850	787,872	
Utah.....	0	0	0	0	0	0	0	0	0	0	0	0	
Vermont.....	0	0	0	0	0	0	0	0	0	0	0	0	
Virginia.....	45	297,355	6,608	4	9,445	11	157,430	14,312	1	6,500	470,730	1,033,737	
Washington.....	8	8,720	1,090	0	0	0	0	0	0	0	8,720	30,600	
West Virginia.....	2	10,300	5,150	0	0	0	0	0	0	0	10,300	14,180	
Wisconsin.....	4	23,260	5,815	1	5,014	6	346,490	57,748	0	0	374,764	545,072	
Wyoming.....	0	0	0	0	0	0	0	0	0	0	0	0	
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	6,990	
Hawaii.....	0	0	0	0	0	0	0	0	0	0	0	8,350	
Puerto Rico.....	0	0	0	0	0	0	0	0	0	0	0	612,406	
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	10,000	

Note: Loan costs representing such things as recoverable advances for taxes and insurance, the occasional purchase of a first mortgage, recording fees, etc., are included in the amount for subsequent loans and in the cumulative total column. Wherever an amount appears where there is no number of loans, the entire amount is for loan costs. Some of the loan costs are in connection with water facilities loans made in prior years.

Table II - Soil and Water Conservation Loans to Individuals and Groups: Number and Amount of Insured Loans, 1958 Fiscal Year and Cumulative From Inception, September 17, 1954, Through June 30, 1958

State and territory	1958 Fiscal year													Total amount to individuals and groups from Sept. 17, 1954 through June 30, 1956
	Loans to Individuals					Loans to groups					Total amount to individuals and groups			
	Initial		Subsequent		Number	Initial		Average amount	Subsequent		Number	Amount		
	Number	Amount	Average amount	Number		Amount	Number		Amount					
1	2	3	4	5	6	7	8	9	10	11	12			
U. S. Total.....	185	\$809,570	\$4,376	32	\$133,830	5	\$224,900	\$44,980	1	\$2,000	\$1,170,300	\$30,144,852		
Alabama.....	6	0	0	0	0	0	0	0	0	0	0	278,400		
Arizona.....	6	97,700	16,283	2	19,450	0	0	0	0	0	117,150	1,751,175		
Arkansas.....	11	89,220	8,111	3	9,350	0	0	0	1	2,000	2,090,810	2,090,810		
California.....	2	28,320	3,147	1	6,000	1	120,000	120,000	0	0	154,320	1,381,926		
Colorado.....	2	14,750	7,375	0	0	2	96,400	48,200	0	0	111,150	828,735		
Connecticut.....	0	0	0	0	0	0	0	0	0	0	0	4,900		
Delaware.....	0	0	0	0	0	0	0	0	0	0	0	18,790		
Florida.....	2	4,300	2,150	0	0	0	0	0	0	0	4,300	1,417,714		
Georgia.....	0	0	0	0	0	0	0	0	0	0	0	1,021,995		
Idaho.....	2	23,200	11,600	0	0	0	0	0	0	0	23,200	702,350		
Illinois.....	1	1,500	1,500	0	0	0	0	0	0	0	1,500	180,780		
Indiana.....	1	3,080	3,080	0	0	0	0	0	0	0	3,080	106,775		
Iowa.....	1	2,170	2,170	0	0	0	0	0	0	0	2,170	243,685		
Kansas.....	2	18,150	9,075	1	4,500	1	3,400	3,400	0	0	28,050	2,148,073		
Kentucky.....	0	0	0	0	0	0	0	0	0	0	0	64,980		
Louisiana.....	2	3,960	1,980	0	0	0	0	0	0	0	3,960	584,320		
Maine.....	0	0	0	0	0	0	0	0	0	0	0	9,700		
Maryland.....	0	0	0	0	0	0	0	0	0	0	0	80,705		
Massachusetts.....	0	0	0	0	0	0	0	0	0	0	0	30,465		
Michigan.....	0	0	0	0	0	0	0	0	0	0	0	567,020		
Minnesota.....	0	0	0	0	0	0	0	0	0	0	0	115,950		
Mississippi.....	4	7,375	1,844	1	5,000	0	0	0	0	0	12,375	1,432,015		
Missouri.....	1	1,530	1,530	0	0	0	0	0	0	0	1,530	546,910		
Montana.....	1	16,000	16,000	0	0	0	0	0	0	0	16,000	442,920		
Nebraska.....	16	84,530	5,283	1	5,000	0	0	0	0	0	69,530	2,365,433		
Nevada.....	9	50,430	5,603	0	0	1	5,100	5,100	0	0	55,530	257,935		
New Hampshire.....	0	0	0	0	0	0	0	0	0	0	0	0		
New Jersey.....	0	0	0	1	6,500	0	0	0	0	0	6,500	204,065		
New Mexico.....	16	109,335	6,833	6	21,370	0	0	0	0	0	130,705	1,673,260		
New York.....	0	0	0	0	0	0	0	0	0	0	0	110,255		
North Carolina.....	0	0	0	0	0	0	0	0	0	0	0	751,850		
North Dakota.....	1	800	800	0	0	0	0	0	0	0	800	73,835		
Ohio.....	0	0	0	0	0	0	0	0	0	0	0	80,270		
Oklahoma.....	5	12,500	2,500	0	0	0	0	0	0	0	12,500	1,779,701		
Oregon.....	2	10,500	5,250	1	1,500	0	0	0	0	0	12,000	369,955		
Pennsylvania.....	0	0	0	0	0	0	0	0	0	0	0	44,025		
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0		
South Carolina.....	12	34,920	2,910	1	2,800	0	0	0	0	0	37,720	809,205		
South Dakota.....	0	0	0	0	0	0	0	0	0	0	0	36,805		
Tennessee.....	0	0	0	0	0	0	0	0	0	0	0	191,210		
Texas.....	3	6,180	2,060	1	2,660	0	0	0	0	0	8,840	3,668,046		
Utah.....	0	0	0	0	0	0	0	0	0	0	371,650	371,650		
Vermont.....	0	0	0	0	0	0	0	0	0	0	0	3,500		
Virginia.....	2	8,400	4,200	1	2,300	0	0	0	0	0	10,700	203,794		
Washington.....	4	24,910	6,228	0	0	0	0	0	0	0	24,910	524,360		
West Virginia.....	0	0	0	0	0	0	0	0	0	0	0	84,395		
Wisconsin.....	15	25,530	1,702	3	10,100	0	0	0	0	0	35,630	162,680		
Wyoming.....	0	0	0	0	0	0	0	0	0	0	0	280,145		
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0		
Hawaii.....	1	5,000	5,000	0	0	0	0	0	0	0	5,000	41,830		
Puerto Rico.....	54	125,280	2,320	9	37,300	0	0	0	0	0	162,580	290,875		
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0		



Table III - Water Facilities Loans to Individuals Made From 1938 Through September 17, 1954.
and Maturities and Collections Through June 30, 1956

State	Cumulative loan obligations 1/	Cumulative loan advances 1/	Matured principal	Collections			Principal		Outstanding principal balance on loan advances	Ratio of principal repayments to matured principal
				Principal repayments	Interest payments	Total	Write-offs	Judgments		
	1	2	3	4	5	6	7	8	9	10
U. S. Total.....	\$29,695,363	\$29,763,955	\$22,013,074	\$21,532,475	\$3,020,495	\$24,552,970	\$34,604	\$30,073	\$8,166,803	97.8%
Arizona.....	1,807,256	1,806,098	1,018,886	983,373	177,826	1,161,199	45	506	822,174	96.5
Arkansas.....	1,400	2,385	1,220	620	223	843	0	0	1,765	50.8
California.....	2,669,948	2,675,776	1,952,125	1,970,195	293,959	2,264,154	3,254	0	702,327	100.9
Colorado.....	1,824,194	1,820,518	1,321,059	1,271,020	173,622	1,444,642	1,197	7,220	541,081	96.2
Idaho.....	1,943,602	1,965,634	1,460,666	1,433,519	205,420	1,638,939	131	0	531,984	98.1
Kansas.....	1,224,517	1,228,971	824,683	791,098	121,141	912,239	1,906	0	435,967	95.9
Missouri.....	52,975	56,725	27,202	27,390	5,118	32,508	0	0	29,335	100.7
Montana.....	1,846,941	1,859,878	1,402,885	1,352,093	200,866	1,552,959	1,156	7,934	498,695	96.4
Nebraska.....	2,193,825	2,198,956	1,581,966	1,556,492	203,364	1,759,856	3,297	0	639,167	98.4
Nevada.....	156,860	160,200	120,852	119,043	18,489	137,532	0	0	41,157	98.5
New Mexico.....	1,519,148	1,526,456	1,105,860	1,025,572	138,316	1,163,888	10,422	0	490,462	92.7
New York.....	4,000	4,675	1,500	2,262	564	2,826	0	0	2,413	150.8
North Dakota.....	456,785	455,193	358,911	352,051	40,433	392,484	48	300	102,794	98.1
Oklahoma.....	2,542,556	2,552,542	1,763,648	1,743,421	243,404	1,986,825	5,100	0	804,021	98.9
Oregon.....	1,491,800	1,484,723	1,178,753	1,159,546	152,790	1,312,336	352	4,180	320,645	98.4
South Dakota.....	534,778	533,245	397,301	364,101	52,639	416,740	477	295	168,372	91.6
Texas.....	4,258,951	4,264,552	3,695,305	3,658,834	393,074	4,051,908	3,805	993	600,920	99.0
Utah.....	1,513,593	1,528,091	1,035,351	1,016,753	198,166	1,214,919	612	240	510,486	98.2
Washington.....	2,506,410	2,510,441	1,836,223	1,795,426	279,696	2,075,122	1,313	8,147	705,555	97.8
Wyoming.....	1,145,824	1,128,896	928,678	909,666	121,385	1,031,051	1,489	258	217,483	98.0

1/ Amounts reflected are cumulative obligations from inception of the program, including \$2,292,858 obligations from "Loans, Grants and Rural Rehabilitation" funds. Loan advances represent charges to borrowers' accounts. The difference between obligations and advances represents non-cash advances and transfers of accounts between states for collection purposes.



Table IV - Water Facilities Loans to Groups: Number of Groups, Amount Loaned From 1938 Through September 17, 1954, and Installments Due and Payments Cumulative Through December 31, 1957

State	Groups paid in full				Groups with unpaid balance as of December 31, 1957							
	Total number of groups	Total amount loaned	Number	Payments			Number	Scheduled installments (principal and interest)	Principal and interest payments			
				Total	Principal	Interest			Total	Regular and advance payments made on scheduled installments		
										Amount	As percent of schedule	
1	2	3	4	5	6	7	8	9	10	11	12	
U. S. Total.....	261	\$7,417,553	29	\$391,131	\$349,338	\$41,793	232	\$2,745,162	\$2,926,022	\$2,836,656	103	\$89,366
Arizona.....	9	319,500	0	0	0	0	9	174,124	182,745	179,264	103	3,481
California.....	6	271,800	1	5,190	5,000	190	5	118,431	123,538	121,538	103	2,000
Colorado.....	36	900,967	3	38,667	32,875	5,792	33	368,740	371,294	360,192	98	11,102
Idaho.....	36	883,050	8	135,976	115,885	20,091	28	410,202	425,018	417,283	102	7,735
Kansas.....	2	36,750	0	0	0	0	2	10,306	10,306	10,306	100	0
Montana.....	16	476,080	1	7,117	7,000	117	15	232,566	243,426	233,802	101	9,624
Nevada.....	9	387,860	0	0	0	0	9	143,116	153,334	144,747	101	8,587
New Mexico.....	18	412,890	9	144,412	135,581	8,831	9	100,379	99,798	99,100	99	698
North Dakota.....	1	15,000	1	15,728	15,000	728	0	0	0	0	0	0
Oregon.....	15	505,207	0	0	0	0	15	175,278	189,135	186,217	106	2,918
Utah.....	44	1,264,056	1	3,009	2,320	689	43	458,245	529,914	507,734	111	22,180
Washington.....	62	1,705,479	3	19,105	16,813	2,292	59	432,272	479,685	458,644	106	21,041
Wyoming.....	7	238,914	2	21,927	18,864	3,063	5	121,503	117,829	117,829	97	0

Table V - Soil and Water Conservation: Direct and Insured Loans to Individuals - Number of Borrowers,
Amount Loaned and Payments, Cumulative From September 17, 1934 Through January 1, 1936

States and territory	Borrowers paid in full or otherwise satisfied				Borrowers with unpaid balance as of January 1, 1958								
	Total number of borrowers	Total amount loaned	Number	Payments		Interest and insurance charges	Number	Scheduled installments (principal and interest)	Total	Principal and interest payments			
				Total	Principal					As percent of schedule	Amount	Regular payments made on scheduled installments	Extra payments and refunds
1	2	3	4	5	6	7	8	9	10	11	12		
U. S. Total.....	7,158	\$35,463,846	811	\$3,121,313	\$2,946,362	\$172,951	6,347	\$7,923,242	\$7,774,835	\$6,947,920	88	\$826,915	
Alabama.....	68	294,070	13	40,504	37,885	2,619	55	73,648	83,851	77,520	105	6,331	
Arizona.....	123	1,599,688	13	154,365	143,105	11,260	110	237,798	248,306	211,507	89	36,799	
Arkansas.....	489	2,093,417	60	245,316	229,080	16,236	429	538,783	569,461	519,447	96	50,014	
California.....	310	1,865,659	31	135,492	128,465	7,027	279	253,324	279,027	247,826	98	58,664	
Colorado.....	123	596,349	20	60,792	57,925	2,867	103	119,944	130,900	99,845	83	31,055	
Connecticut.....	1	4,900	0	0	0	0	1	1,147	1,156	1,156	101	0	
Delaware.....	3	18,790	0	0	0	0	3	5,107	7,091	7,074	139	17	
Florida.....	330	1,893,429	25	157,197	145,315	11,882	305	479,253	483,434	443,784	93	9,650	
Georgia.....	276	1,133,962	45	163,474	153,427	10,047	231	260,538	281,056	243,028	93	38,028	
Idaho.....	193	1,142,220	7	40,060	38,825	1,235	186	173,011	178,302	145,277	84	33,025	
Illinois.....	103	273,172	16	38,121	36,337	1,784	87	57,289	58,172	56,787	99	1,385	
Indiana.....	37	128,645	9	23,135	21,595	1,540	28	29,996	32,938	32,246	108	692	
Iowa.....	81	280,465	8	14,599	13,870	729	73	61,129	72,910	62,613	102	10,297	
Kansas.....	301	2,430,127	21	102,290	98,661	3,629	280	569,658	458,294	417,121	79	41,173	
Kentucky.....	47	111,080	9	22,530	21,265	1,265	38	17,133	18,754	17,055	100	1,699	
Louisiana.....	142	632,069	17	57,046	54,266	2,760	125	145,606	132,851	120,590	83	12,261	
Maine.....	15	19,785	3	2,173	2,085	88	12	6,913	7,221	6,706	97	515	
Maryland.....	23	101,635	3	5,291	4,750	541	12	28,414	23,170	22,418	79	752	
Massachusetts.....	10	30,465	1	15,788	14,900	888	9	3,207	4,574	4,074	127	500	
Michigan.....	125	627,535	5	13,930	13,665	265	120	150,739	171,586	150,437	100	21,149	
Minnesota.....	35	95,550	3	6,692	6,450	242	32	18,739	19,895	16,986	91	2,909	
Mississippi.....	393	1,584,196	55	158,055	148,275	9,780	338	404,597	319,585	306,872	76	12,653	
Missouri.....	269	729,152	38	87,288	81,865	5,423	231	161,747	194,374	137,853	85	16,521	
Montana.....	69	274,398	3	9,450	9,450	801	66	54,813	61,655	61,508	112	20,147	
Nebraska.....	562	3,434,161	29	148,333	140,295	8,038	533	714,462	622,411	590,553	83	31,858	
Nevada.....	17	115,305	1	1,676	1,650	26	16	17,660	20,363	16,488	93	3,875	
New Hampshire.....	0	0	0	0	0	0	0	0	0	0	0	0	
New Jersey.....	53	245,225	3	19,972	18,650	1,322	50	76,008	74,420	72,835	96	1,586	
New Mexico.....	247	1,541,390	31	200,881	190,635	10,256	216	345,164	343,876	273,680	79	70,196	
New York.....	38	129,255	5	7,825	7,300	525	33	48,234	42,618	42,318	88	300	
North Carolina.....	253	854,964	37	127,668	120,705	6,963	216	257,829	263,081	242,250	94	20,831	
North Dakota.....	46	70,880	7	10,626	10,140	486	39	11,401	12,441	11,083	97	1,358	
Ohio.....	25	99,620	4	8,124	7,690	434	21	27,645	29,744	28,328	102	1,416	
Oklahoma.....	287	1,925,082	42	288,341	275,755	12,586	245	531,401	560,516	477,254	90	83,262	
Oregon.....	163	539,795	12	32,794	30,800	1,994	151	93,368	105,582	91,161	98	14,221	
Pennsylvania.....	41	81,030	5	8,906	8,560	346	36	18,152	20,417	17,439	96	2,978	
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0	
South Carolina.....	285	902,885	48	140,931	131,896	9,075	237	255,615	253,363	240,371	94	12,992	
South Dakota.....	35	168,780	5	12,571	11,840	731	30	19,037	15,018	12,686	67	2,332	
Tennessee.....	98	233,166	12	23,356	22,425	931	86	61,371	67,080	60,356	98	6,724	
Texas.....	621	4,453,656	67	351,711	334,100	17,611	554	1,028,073	898,502	797,502	78	101,000	
Utah.....	144	525,460	8	13,304	12,725	579	136	81,073	81,904	80,152	99	1,752	
Vermont.....	1	3,500	0	0	0	0	1	1,090	1,155	1,155	106	0	
Virginia.....	40	193,094	4	4,296	4,025	271	36	69,435	73,768	66,268	95	7,500	
Washington.....	140	630,233	7	18,012	16,745	1,267	133	83,477	95,716	81,274	97	14,442	
West Virginia.....	60	111,874	11	8,021	7,670	351	49	32,116	34,361	31,747	98	2,614	
Wisconsin.....	56	149,530	11	13,834	13,075	759	45	28,206	38,096	31,503	112	6,593	
Wyoming.....	53	245,335	7	32,301	30,385	1,916	46	61,035	54,175	47,557	78	6,618	
Alaska.....	1	6,990	0	0	0	0	1	1,766	1,766	1,766	100	0	
Alaska.....	7	50,180	0	0	0	0	7	18,580	16,821	16,821	91	0	
Puerto Rico.....	315	781,688	50	93,431	89,895	3,576	265	226,749	229,887	203,887	90	25,404	
Virgin Islands.....	4	10,000	0	0	0	0	4	1,756	2,584	1,756	100	888	



UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table VI - Soil and Water Conservation: Direct and Insured Loans to Groups - Number of Groups,
Amount Loaned and Payments, Cumulative From September 17, 1954 Through January 1, 1958

State	Groups paid in full						Groups with unpaid balance as of January 1, 1958					
	Total number of groups	Total amount loaned	Payments				Number	Scheduled installments (principal and interest)	Total	Regular and advance payments made on scheduled installments		Extra payments and refunds
			Number	Principal	Interest and insurance charges	Amount				As percent of schedule		
1	2	3	4	5	6	7	8	9	10	11	12	
U. S. Total.....	110	\$4,568,517	3	\$13,369	\$12,950	\$419	107	\$421,534	\$417,395	\$350,613	83	\$66,782
Arizona.....	2	110,000	0	0	0	0	2	9,650	13,654	8,654	90	5,000
Arkansas.....	4	5,150	2	3,074	2,950	124	2	1,573	1,573	1,573	100	0
California.....	2	58,000	0	0	0	0	2	6,379	6,379	6,379	100	0
Colorado.....	15	511,750	0	0	0	0	15	36,433	62,114	31,166	86	30,948
Idaho.....	17	211,035	0	0	0	0	17	29,363	35,388	30,452	104	4,936
Kansas.....	4	749,000	0	0	0	0	4	24,613	1,308	1,308	5	0
Kentucky.....	2	492,100	0	0	0	0	2	43,998	8,027	8,027	18	0
Louisiana.....	1	30,000	0	0	0	0	1	13,854	12,950	12,841	93	109
Minnesota.....	2	33,000	0	0	0	0	2	13,070	8,943	8,322	64	621
Montana.....	3	595,302	0	0	0	0	3	59,355	46,266	46,266	78	0
Nevada.....	3	150,000	1	10,295	10,000	295	2	18,003	18,903	18,903	105	0
New Jersey.....	1	35,500	0	0	0	0	1	2,573	2,573	2,573	100	0
New Mexico.....	2	56,500	0	0	0	0	2	6,794	7,405	6,943	102	462
North Dakota.....	5	74,940	0	0	0	0	5	18,066	22,397	22,397	124	0
Oregon.....	5	93,350	0	0	0	0	5	14,076	15,177	15,177	108	0
Texas.....	1	27,500	0	0	0	0	1	356	0	0	0	0
Utah.....	10	365,840	0	0	0	0	10	38,036	45,385	38,385	101	7,000
Washington.....	18	612,930	0	0	0	0	18	45,872	63,097	53,114	116	9,983
Wyoming.....	13	336,620	0	0	0	0	13	39,470	45,856	38,133	97	7,723

1890-1891 9 1/2 10 1/2

1891-1892 10 1/2 11 1/2

1892-1893 11 1/2 12 1/2

1893-1894 12 1/2 13 1/2

1894-1895 13 1/2 14 1/2

1895-1896 14 1/2 15 1/2

1896-1897 15 1/2 16 1/2

1897-1898 16 1/2 17 1/2

1898-1899 17 1/2 18 1/2

1899-1900 18 1/2 19 1/2

1900-1901 19 1/2 20 1/2

(c) Disaster Loans, etc., Revolving Fund,
Department of Agriculture

STATUS OF PROGRAM

Establishment of Fund - Public Law 38, approved April 6, 1949 abolished the Regional Agricultural Credit Corporation and established the Disaster Loan Revolving Fund under the Secretary of Agriculture from the assets of the Corporation so abolished. The assets amounted to \$45,494,334.

Additional Appropriations - Public Law 202, approved October 24, 1951, appropriated \$30,000,000 for this fund. Public Law 175, 83rd Congress, approved July 31, 1953 appropriated \$130,000,000 as an addition to this fund. Of this amount, \$40,000,000 was specified for the furnishing of feed in disaster areas, which was later increased (Public Law 357, approved May 11, 1954) to \$50,000,000 with provision for furnishing emergency feed and seed assistance by means of advances to States or agencies thereof or otherwise. Public Law 85-58, approved June 21, 1957, authorized the use of an additional \$11,500,000 of the existing Revolving Fund for furnishing feed in the disaster areas.

Emergency Assistance Programs:

(1) Production emergency loans (including loans in the Great Plains Area) - Pursuant to Public Law 38, loans are made to eligible farmers and stockmen in designated areas at 3% interest who have suffered damage as the result of floods, storms, freezes, droughts, or similar disasters and who are unable to obtain needed credit from banks or other established sources to enable them to continue their operations. Public Law 38 also authorized loans to bona fide fur farmers, which authority expired June 30, 1953 except for further supplementary advances to farmers presently indebted as authorized by Public Law 255, approved August 13, 1953. Public Law 655, 81st Congress, provided for loans to orchardists in the State of Washington which authority expired August 5, 1953.

(2) Economic emergency loans - Public Law 115, 83rd Congress, approved July 14, 1953, authorized loans (which are made at 3% interest) in any disaster area declared by the President under Public Law 875, (42 USC 1855) if the Secretary finds that an economic disaster has also caused a need for agricultural credit that cannot be met temporarily by regularly established lending institutions, including the regular programs of the Farmers Home Administration.

(3) Special livestock loans - Public Law 115 also authorizes loans at 5% interest to established livestock producers who are temporarily unable to secure credit from recognized lenders and who have a reasonable chance of working out their difficulties with supplementary financing. This authority was originally for two years subsequent to July 14, 1953 but was extended through 1957 for loans to new borrowers and through 1961 by Public Law 85-516, approved July 11, 1958, for loans to borrowers already indebted who need supplementary financing.

(4) Special emergency loans - Public Law 727, approved August 31, 1954, authorized the Secretary until June 30, 1955, to make special emergency loans up to a total of \$15,000,000 in areas where he found a need for credit which could not be met by regular financial institutions, the Farmers Home Administration under its regular loan programs, or through authorities contained in Public Law 38. Such loans are made at 3% interest. Activity under this program was extended through the 1956 and 1957 fiscal years by Public Law 117, approved June 30, 1955. The program was again extended by Public Law 878 approved August 1, 1956. The limitation was increased to \$65,000,000 and the authority expires June 30, 1959.

(5) Emergency assistance in furnishing feed and seed - Public Law 115 authorized the furnishing of feed for livestock and seed for planting to established farmers and ranchers and stockmen in connection with any major disaster determined by the President to warrant Federal assistance under Public Law 875 (42 USC 1855). Under this authority, feed grain and concentrates, principally cottonseed meal, corn, wheat, oats, and mixed feeds, were furnished at less than market cost to eligible farmers in designated areas through the facilities of the Commodity Stabilization Service, the Farmers Home Administration, and special State and local drought committees. Beginning with fiscal year 1955, under authority of Section 407 of the Agricultural Act of 1949, amended by Public Law 480, 83rd Congress, the unrecovered costs of feed furnished and related handling and transportation costs are borne by the Commodity Credit Corporation, as described in the budget estimates for the Corporation. Administrative expenses are chargeable to the \$50,000,000 limitation furnished by Public Law 175 and the added \$11,500,000 limitation authorized by Public Law 85-58, as described above.

In the fiscal years 1954, 1955 and 1956, the emergency hay program was conducted through agreements with States under which the Department contributed a definite sum to the State to defray one-half the cost of distribution of the hay (not to exceed \$10 per ton) and the State assumed full responsibility for purchasing and distributing the hay to farmers eligible. The program in 1957 was conducted by the Farmers Home Administration whose county committees were responsible for determining the eligibility of applicants and approving the amount of assistance. Agreements are entered into with States in specified amounts. Assistance to individual farmers was based on a Federal contribution of \$7.50 per ton of hay and roughage actually purchased by farmers. Certificates redeemable for cash were issued by the Farmers Home Administration. Advances were made to States to enable the States to redeem these certificates on which certification was made by the farmers and the dealer that the tonnage specified had been purchased.

Beginning about July 1, 1957, all emergency feed and seed activity was placed with the Commodity Stabilization Service. As of June 30, 1958, there remained available for this program approximately \$2,900,000.

Special Agricultural Conservation Program Assistance in Disaster Areas - In addition to the above emergency disaster activities financed in whole or in part from this fund, special conservation assistance is also provided farmers and ranchers in disaster areas. This work is explained in more detail in the justifications of the Agricultural Conservation Program Service.

Cumulative Activity Under the Various Loan Authorizations to June 30, 1958:

<u>Principal Advances</u>	<u>Principal Maturities</u>	<u>Principal Repayments</u>	<u>Principal Outstanding</u>	<u>Interest Payments</u>	<u>Percent Principal Repayments to Maturities</u>
<u>Production Emergency Loans</u>					
\$311,748,737	\$259,294,554	\$237,893,173	\$71,652,308	\$7,518,285	91.7%
<u>Economic Emergency Loans</u>					
\$ 99,126,858	\$ 94,750,645	\$ 85,142,093	\$13,856,592	\$2,829,019	89.9%
<u>Special Emergency Loans</u>					
\$ 28,504,856	\$ 25,471,252	\$ 24,259,548	\$ 4,238,909	\$ 466,297	95.2%
<u>Fur Loans</u>					
\$ 5,638,952	\$ 5,539,386	\$ 5,233,235	\$ 386,783	\$ 289,603	94.5%
<u>Orchard Loans</u>					
\$ 267,130	\$ 267,130	\$ 264,241	2,889	5,957	98.9%
<u>Special Livestock Loans</u>					
\$ 84,335,997	\$ 78,815,849	\$ 68,181,708	\$15,921,976	\$4,434,254	86.5%

In addition to the programs listed above, the Farmers Home Administration is servicing the loans receivable of the Regional Agricultural Credit Corporation outstanding at the time this Corporation was abolished. A total of \$318,806 in principal and interest has been collected on these loans to June 30, 1958, principal write-offs totaled \$813,823 and \$39,458 principal has been reduced to judgment.

Except for the Regional Agricultural Credit Corporation loans, there has been no general authority to write off uncollectible balances of loans made under authorities contained in Public Law 38, except some write-offs that are permissible under bankruptcy laws and other specific legislation. Considerable use is being made of the new write-off authority contained in Public Law 878, approved August 1, 1956. This law amended the Bankhead-Jones Farm Tenant Act to extend the cancellation, compromise and adjustment authority previously available under that Act and broadened the authorities to include loans made under Public Law 38. Since inception of the various loan programs, principal write-offs to June 30, 1958 totaled \$1,785,650, including \$1,692,261 written off since August 1, 1956. A total of \$571,112 has been reduced to judgments.

1958 loan program: During 1958 a total of \$63,522,556 was obligated for production and economic emergency, special emergency, special livestock and fur loans. There continued to be substantial activity, although at

a reduced rate in the Southwest and middle Great Plains States where there was a continuing need to provide credit assistance to farmers and ranchers who were still indebted for previous loans, as well as a need to make loans to other operators. The extremely wet weather experienced by farmers in the Mississippi Delta area created a heavy demand for production emergency loans including a special need to advance funds for depreciation on machinery and equipment. Such advances were very helpful to the operators and prior creditors by permitting payments to be made on secured indebtedness of other creditors. The heaviest Mississippi Delta area activity was in Arkansas, Mississippi and Missouri. A lesser volume of loans was made in the States of Georgia, Louisiana, and Tennessee. Production and emergency loans made under the special program for the Great Plains area totaled \$12,093,000 during fiscal year 1958.

Statutory authority for loans to fur farmers expired on June 30, 1958.

Emergency, special livestock and other loans approved and obligated from the Revolving Fund during the 1958 fiscal year were as follows:

	<u>Initial</u>		<u>Subsequent</u>		<u>Total</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Production						
emergency...	11,302	\$31,336,466	7,946	\$19,313,372	19,248	\$50,649,838
Economic						
emergency...	-	-	2,040	3,540,915	2,040	3,540,915
Special						
emergency...	1,659	2,160,125	838	1,699,778	2,497	3,859,903
Special live-						
stock.....	3	37,350	468	5,367,025	471	5,404,375
Fur.....	-	-	4	67,525	4	67,525
Total....	12,964	33,533,941	11,296	29,988,615	24,260	63,522,556

1959 Loan Program: During the 1959 fiscal year, production, economic and special emergency loans will be provided on the same basis as in 1958. The production emergency loan activity during the year is expected to be somewhat less than in the fiscal year 1958. This also applies to economic emergency loans which are made only in areas designated by the President as eligible for assistance under Public Law 875, and which in 1958 were made only to borrowers already indebted.

Special livestock loans will be available for farmers, ranchers and stockmen already indebted to continue their livestock operations during the 1959 fiscal year.

Good progress has been made by many livestock producers in recovering from a long series of reverses. More favorable weather and favorable prices have combined to assist producers in making substantial loan repayments during 1958.

Disaster Loans, etc., Revolving Fund

Statement of Funds Available, and Obligations Cumulative From Inception of Fund on April 6, 1949
to June 30, 1957, Fiscal Year 1958 and Estimates for Fiscal Years 1959 and 1960

	Cumulative from April 6, 1949 thru June 30, 1957	1958	1959 estimated	1960 estimated
Funds available:				
By appropriation:				
For establishment of revolving fund for production disaster loans and transfer of net assets (cash) of the Regional Agricultural Credit Corporation to the fund (P.L. 38, approved April 6, 1949) a/.....	\$45,494,334	.....	.....	.....
For flood rehabilitation in the Midwest area (P.L. 202, approved October 24, 1951).....	30,000,000	.....	.....	.....
For assistance to farmers and stockmen through economic disaster loans, special livestock loans, and emergency assistance in furnishing feed and seed (P.L. 175, approved July 31, 1953).....	130,000,000	.....	.....	.....
Balance available from prior fiscal year.....	.....	\$25,677,645	\$31,503,355	\$32,691,205
Receipts - Principal and interest collection on loans.....	360,714,913	73,640,005	64,102,050	61,141,500
Total available.....	566,209,247	99,317,650	95,605,405	93,832,705
Obligations:				
Loans made.....	466,611,607	63,522,556	58,500,000	49,000,000
Hay and roughage program.....	25,362,405	.....	.....	.....
Transportation and other costs in connection with emergency feed furnished to farmers and stockmen.....	27,900,000	.....	.....	.....
Administrative expenses:				
Loan programs.....	15,858,226	3,785,366	4,024,200	4,024,200
Emergency feed program.....	4,799,364	506,373	390,000	275,000
Total obligations.....	540,531,602	67,814,295	62,914,200	53,299,200
Unobligated balance.....	25,677,645	31,503,355	32,691,205	40,533,505

a/ In addition, net assets (other than cash) of \$363,811 were acquired from the Regional Agricultural Credit Corporation.

Table I - Loans Made From the Disaster Loan Revolving Fund Under Public Laws 38 and 727, as Amended,
During 1958 Fiscal Year

State and territory	Production Emergency loans		Economic Emergency loans		Special Emergency loans		Special Livestock loans		Pur loans		Total loans	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
U. S. Total.....	19,248	\$50,649,838	2,040	\$1,540,915	2,497	\$1,859,993	471	\$5,404,375	4	\$67,522	24,260	\$63,522,536
Initial loans.....	11,302	31,338,466	0	0	1,699	2,100,725	3	37,350	0	0	12,964	33,533,941
Subsequent loans.....	7,946	19,286,999	2,040	3,540,915	898	1,659,168	468	5,367,025	4	67,522	11,296	29,988,595
Loan costs 1/.....		44,413	0	0	83	83				0		44,496
Alabama.....	524	617,896	1	8,560	1	5,000	1	1,500	0	0	527	632,896
Arizona.....	0	0	0	0	0	0	0	0	0	0	0	0
Arkansas.....	1,018	3,021,112	73	82,200	5	1,950	2	9,000	0	0	1,098	3,114,262
California.....	2	13,117	0	0	0	0	2	71,565	0	0	4	84,743
Colorado.....	440	1,712,615	0	0	11	31,276	40	368,030	1	26,025	492	2,137,946
Connecticut.....	7	63,570	0	0	0	0	0	0	0	0	7	63,570
Delaware.....	11	34,800	0	0	0	0	0	0	0	0	11	34,800
Florida.....	99	1,098,680	2	14,000	0	0	1	25,000	0	0	102	1,137,680
Georgia.....	127	350,815	0	0	1	50	2	30,965	0	0	130	381,830
Idaho.....	4	15,960	0	0	0	0	8	164,900	0	0	12	160,860
Illinois.....	71	150,780	0	0	0	0	0	0	0	0	71	150,780
Indiana.....	17	52,456	0	0	3	3	0	0	0	0	17	52,456
Iowa.....	0	3	0	0	0	17	0	0	0	0	0	20
Kansas.....	908	4,000,095	2	3,700	0	0	10	62,165	0	0	920	4,065,960
Kentucky.....	27	27,550	0	0	0	0	0	0	0	0	27	27,550
Louisiana.....	736	1,368,292	4	28,640	0	0	0	0	0	0	740	1,396,932
Maine.....	0	0	0	0	807	2,139,870	0	0	0	0	807	2,139,870
Maryland.....	16	42,470	0	0	0	0	0	0	0	0	16	42,470
Massachusetts.....	10	39,400	0	0	0	0	0	0	0	0	10	39,400
Michigan.....	19	109,094	0	0	0	0	0	0	2	27,500	21	136,594
Minnesota.....	566	722,739	0	0	25	36,147	0	0	0	0	591	758,156
Mississippi.....	2,117	3,052,072	26	10,165	2	2,420	0	0	0	0	2,143	3,064,871
Missouri.....	1,597	4,688,955	16	20,450	34	24,546	8	15,600	0	0	1,655	4,709,205
Montana.....	0	79	0	0	0	0	34	277,690	0	0	34	277,769
Nebraska.....	0	0	0	0	14	18,600	0	0	0	0	14	18,600
Nevada.....	1	6,601	0	0	0	0	5	126,865	0	0	6	133,466
New Hampshire.....	1	13,075	0	0	0	0	0	0	0	0	1	13,075
New Jersey.....	50	187,760	5	36,100	0	0	1	1,000	0	0	56	224,860
New Mexico.....	136	699,085	5	4,655	6	23,900	40	646,865	0	0	181	1,350,585
New York.....	2	3,340	0	0	6	23,900	0	0	1	14,000	9	14,240
North Carolina.....	159	403,970	10	4,400	3	850	0	0	0	0	172	409,220
North Dakota.....	0	0	0	0	1,561	1,560,690	0	0	0	0	1,561	1,560,690
Ohio.....	0	0	0	0	0	0	0	0	0	0	0	0
Oklahoma.....	873	1,592,696	8	9,820	0	0	32	172,480	0	0	913	1,774,996
Oregon.....	3	37,401	0	0	0	0	8	78,590	0	0	11	115,991
Pennsylvania.....	8	61,404	0	0	0	0	1	2,500	0	0	9	63,904
Rhode Island.....	1	1,600	0	0	0	0	0	0	0	0	1	1,600
South Carolina.....	69	75,877	0	0	17	4,260	0	0	0	0	86	80,137
South Dakota.....	168	145,740	2	340	7	9,860	10	100,095	0	0	185	255,695
Tennessee.....	531	779,910	2	340	0	0	2	4,000	0	0	535	784,750
Texas.....	8,538	23,491,965	1,806	3,317,905	0	0	244	2,831,035	0	0	10,668	29,640,905
Utah.....	9	9	0	0	0	0	15	283,110	0	0	15	283,119
Vermont.....	0	0	0	0	0	0	0	0	0	0	0	0
Virginia.....	114	372,956	0	0	0	0	0	0	0	0	114	372,956
Washington.....	127	1,045,628	0	0	0	0	0	0	0	0	127	1,045,628
West Virginia.....	5	59,735	0	0	0	0	0	0	0	0	5	59,735
Wisconsin.....	0	0	0	0	0	0	0	0	0	0	0	0
Wyoming.....	132	444,721	0	0	0	0	5	150,920	0	0	137	595,641
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii.....	0	0	0	0	0	0	0	0	0	0	0	0
Puerto Rico.....	14	44,114	0	0	0	0	0	0	0	0	14	44,114
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0
Average amount of loans												
Initial.....		\$2,773		\$1,736		\$1,302		\$12,450				\$16,881
Subsequent.....		2,425		2,028		2,028		11,468				

1/ "Loan costs" represent the amounts advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc. Loan costs will appear opposite some states reporting no numbers of loans.



Table II - Loans Made From the Disaster Loan Revolving Fund Under Public Laws 38 and 727, as Amended,
Cumulative From Inception of Each Program Through June 30, 1958

State and territory	Production Emergency loans			Economic Emergency loans			Special Emergency loans			Special Livestock loans			Fur loans			Total loans		
	Number	Amount		Number	Amount		Number	Amount		Number	Amount		Number	Amount		Number	Amount	
U. S. Total.....	192,301	\$312,461,941		70,385	\$99,123,118		28,720	\$28,522,526		9,675	\$5,471,362		653	\$5,471,362		298,734	\$310,134,164	
Initial loans.....	144,585	231,907,775		48,594	74,276,974		23,569	24,168,133		4,703	16,589,263		324	2,873,727		222,005	330,115,872	
Subsequent loans.....	47,716	80,554,166		21,801	24,846,144		2,151	4,056,415		4,972	37,963,293		329	2,597,635		76,729	149,762,941	
Loan costs $\frac{1}{2}$		254,612						739								255,351		
Alabama.....	8,444	6,336,216		245	283,695		328	206,015		47	253,210		0	0		9,064	7,079,066	
Arizona.....	28	69,419		0	0		40	197,335		38	940,435		0	0		106	1,207,189	
Arkansas.....	14,139	22,788,019		8,913	12,100,160		490	440,412		598	884,965		0	0		24,140	36,213,596	
California.....	974	5,408,557		0	0		0	0		31	1,000,350		3	16,600		1,008	6,423,507	
Colorado.....	3,790	11,433,688		274	408,055		108	345,363		767	9,667,290		142	1,418,427		5,101	23,272,833	
Connecticut.....	56	315,253		0	0		0	0		0	0		0	0		56	315,253	
Delaware.....	10	163,405		0	0		0	0		0	0		0	0		10	163,405	
Florida.....	602	4,639,955		83	709,315		0	0		78	1,074,615		0	0		763	6,463,885	
Georgia.....	10,065	12,751,082		0	0		314	355,385		54	432,280		0	0		10,443	13,538,707	
Iaho.....	215	1,198,698		0	0		56	206,735		68	1,700,350		21	88,240		360	3,194,023	
Illinois.....	561	705,265		0	0		406	555,085		2	18,600		21	443,260		990	1,722,210	
Indiana.....	58	77,067		0	0		183	284,760		11	170,900		14	112,735		266	645,462	
Iowa.....	311	253,201		0	0		613	580,287		2	4,000		0	0		926	837,488	
Kansas.....	4,648	12,589,052		2,199	3,848,985		0	0		300	4,404,790		0	0		7,147	20,842,827	
Kentucky.....	1,210	667,507		1,131	667,790		0	0		43	76,120		0	0		2,384	1,411,417	
Louisiana.....	4,396	6,206,824		2,575	2,567,910		0	0		16	125,475		0	0		6,987	8,900,209	
Maine.....	194	303,135		1,311	2,895,745		2,176	6,418,925		0	0		0	0		3,681	9,617,805	
Maryland.....	58	217,529		0	0		0	0		1	1,200		0	0		59	218,729	
Massachusetts.....	110	545,542		0	0		0	0		7	13,000		1	5,000		118	563,542	
Michigan.....	228	740,041		0	0		0	0		5	42,500		96	825,187		329	1,607,728	
Minnesota.....	1,333	1,319,173		0	0		2,002	2,103,547		6	25,195		15	87,483		3,356	3,535,798	
Mississippi.....	16,240	22,476,357		3,354	3,348,225		1,160	544,395		5	34,595		0	0		20,759	26,413,572	
Missouri.....	14,094	22,656,393		5,936	6,897,528		1,643	1,575,015		1,349	2,089,070		0	0		23,022	31,348,006	
Montana.....	400	769,987		0	0		0	0		11	6,411,338		1	3,000		7,184	7,184,325	
Nebraska.....	73	107,397		0	0		1,114	1,257,081		11	227,260		0	0		1,198	1,591,718	
Nevada.....	46	439,154		0	0		0	0		78	1,792,035		0	0		124	2,231,189	
New Hampshire.....	22	133,795		0	0		0	0		7	5,910		0	0		29	139,705	
New Jersey.....	361	994,621		110	446,885		60	118,450		74	111,300		11	31,300		616	1,702,596	
New Mexico.....	1,200	3,052,107		1,087	2,427,210		0	0		872	8,740,410		1	2,260		3,140	14,221,987	
New York.....	239	1,694,230		5	15,585		50	346,450		42	51,070		14	211,673		350	2,318,986	
North Carolina.....	8,360	7,453,775		6,075	5,825,896		1,044	891,935		2	4,915		0	0		15,481	14,276,521	
North Dakota.....	13,983	10,205,101		0	0		10,781	9,439,803		5	17,835		0	0		20,769	19,663,738	
Ohio.....	116	169,180		4,952	4,322,396		18	55,335		11	26,845		1	1,500		116	172,680	
Oklahoma.....	8,882	9,674,565		0	0		0	0		664	5,449,978		0	0		14,498	19,447,199	
Oregon.....	166	876,272		0	0		0	0		43	828,730		15	116,020		226	1,821,022	
Pennsylvania.....	146	421,483		1	1,500		0	0		103	137,760		5	17,000		255	577,743	
Rhode Island.....	28	85,547		0	0		0	0		0	0		0	0		28	85,547	
South Carolina.....	15,866	11,555,432		0	0		1,331	791,245		2	10,870		0	0		17,159	12,357,547	
South Dakota.....	6,042	4,736,968		0	0		1,782	1,677,298		165	1,751,115		3	15,000		7,992	8,180,341	
Tennessee.....	4,067	2,964,136		2,144	1,383,255		0	0		58	75,190		0	0		6,269	4,422,581	
Texas.....	47,895	112,387,228		29,398	50,575,298		0	0		3,275	31,312,575		0	0		80,478	194,275,101	
Utah.....	119	538,659		0	0		0	0		132	2,130,555		134	494,045		385	3,163,259	
Vermont.....	86	220,420		0	0		0	0		5	9,180		0	0		91	229,600	
Virginia.....	581	3,072,506		610	394,515		0	0		76	240,640		0	0		1,267	3,697,661	
Washington.....	524	3,030,133		0	0		0	0		4	131,195		80	485,975		608	3,647,303	
West Virginia.....	19	176,645		1	1,000		0	0		47	27,465		0	0		67	295,110	
Wisconsin.....	352	460,608		0	0		0	0		0	0		73	1,092,957		425	1,553,565	
Wyoming.....	563	1,963,990		1	2,500		21	34,431		113	2,094,090		2	3,100		700	4,098,111	
Alaska.....	0	0		0	0		0	0		0	0		0	0		0	0	
Hawaii.....	94	76,130		0	0		0	0		0	49,375		0	0		61	125,505	
Puerto Rico.....	388	892,004		0	0		0	0		1	16,000		0	0		389	908,004	
Virgin Islands.....	0	0		0	0		0	0		0	0		0	0		0	0	
Orchard loans	48	267,130														48	267,130	
Initial.....		\$1,601			\$1,529												\$8,870	
Subsequent.....		1,691			1,140												7,696	

$\frac{1}{2}$ "Loan costs" represent the amounts advanced to borrowers for such purposes as the payment of taxes, insurance premiums, etc. Such costs related to Economic Emergency, Special Livestock and Fur loans are included in the amount for Production Emergency loans.

(d) Farm Tenant-Mortgage Insurance Fund,
Farmers Home Administration

This fund was established pursuant to Section 11(a) and 12(e)(2) of the Bankhead-Jones Farm Tenant Act, as amended, which authorized the appropriation of not to exceed \$25,000,000 for the establishment of the mortgage insurance fund. The sum of \$1,000,000 was appropriated in the Department of Agriculture Appropriation Act, 1948, as the initial capital for this fund. The authority for insuring loans as contained in the Bankhead-Jones Farm Tenant Act is restricted to farm ownership loans under Title I. Public Law 597, approved August 17, 1954, amending the Water Facilities Act of 1937, also authorizes the use of this Fund for insuring loans for soil and water conservation purposes.

The \$1,000,000 appropriation is supplemented by initial and annual charges collected from insured loan borrowers and by such initial fees for inspection, appraisal and other charges in connection with farm ownership loans as the Secretary of Agriculture finds necessary. One-half of the initial and annual charges collected as the premium for insurance, and such amounts as are appropriated to the Fund under Section 11(a), are available for payments with respect to insured loans. In addition, Section 13(b) and (c) authorize borrowing from the Secretary of the Treasury and additional funds needed. Moneys not needed for current operations may be invested in direct obligations of the United States. The other one-half of the initial and annual charges, together with such fees for inspection, appraisal and other charges as the Secretary may determine in connection with farm ownership loans are available for administrative expenses in carrying out the insured loan programs. It is estimated that receipts derived from these sources during the fiscal year 1959 available for administrative expenses in 1960 will amount to approximately \$1,000,000.

Assets of the capital fund, including receivables, are estimated to be approximately \$14,497,000 at June 30, 1959. The investment of the Government on this date is estimated to consist of \$3,400,000 in borrowing from the Treasury, \$1,000,000 in appropriations and \$7,605,800 in retained earnings.

Public Law 85-748 included amendments to Title I of the Bankhead-Jones Farm Tenant Act authorizing the use of funds in the Farm Tenant-Mortgage Insurance Fund to make loans which when aggregated in blocks would subsequently be sold on an insured loan basis to private lenders. There must be reasonable assurance that the loans can be sold without undue delay in order to use this special authority. Not in excess of \$5,000,000 in such loans may be held in the Fund at any one time.

The Department took action to strengthen the supply of funds for insured loans by increasing the return to the lender from $3\frac{1}{2}\%$ to 4% effective December 22, 1958. This increase of $\frac{1}{2}\%$ in the interest rate will increase the participation of all lenders, especially country banks who have always provided the major portion of funds needed.

Insured loan activity since 1948 and estimated for 1959 fiscal year is shown in the following table:

Loans Insured by Fiscal Year

Fiscal Year	Number of Initial Loans			Amount of Initial and Subsequent Loans		
	Farm Ownership	Soil and water Conservation	Total	Farm Ownership	Soil and Water Conservation	Total
1948	338	- -	338	\$2,412,837	- -	\$2,412,837
1949	1,149	- -	1,149	7,937,241	- -	7,937,241
1950	2,191	- -	2,191	16,586,860	- -	16,586,860
1951	2,150	- -	2,150	17,596,050	- -	17,596,050
1952	1,097	- -	1,097	10,493,008	- -	10,493,008
1953	1,041	- -	1,041	10,681,721	- -	10,681,721
1954	885	- -	885	9,751,541	- -	9,751,541
1955	2,864	2,817	5,681	31,584,829	\$15,244,316	46,829,145
1956	3,097	1,795	4,892	37,736,173	10,396,827	48,133,000
1957	2,243	620	2,863	28,018,833	3,926,169	31,945,002
1958	1,886	190	2,076	26,270,172	1,170,300	27,440,472
1959 (est.)	2,970	660	3,630	42,000,000	5,000,000	47,000,000

The number of farm ownership loans insured each year from the beginning of the program in October 1947 through 1950 showed a steady increase. The number insured in 1951, 1952, 1953 and 1954 decreased as a result of the lack of investment capital due primarily to the low interest rate then in effect. Actual loans for 1955 and 1956 show a marked increase over 1954 as a result of (1) the enactment of Public Law 521, amended July 22, 1954, which amended the Bankhead-Jones Farm Tenant Act to provide a flexible interest rate on insured loans, (2) the further amendment to this Act by Public Law 273, approved August 9, 1955, providing that mortgages shall run to the Government instead of to the lender, and (3) the enactment of Public Law 597 extending the water facilities program to the entire Nation and authorizing the insuring of loans made by private lenders for soil and water conservation purposes. It is estimated that the increase in the interest rate on insured loans which provides a return of 4% instead of 3 $\frac{1}{2}$ % to the lender will increase the volume of loans in 1959.

There are no employees paid from this fund. Fees and administrative expense charges made available by subsections (d) and (e) of section 12 of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1005 (b)), and section 10 (c) of the Act of August 27, 1937, as amended, are transferred to the "Salaries and expenses" account from which the costs of servicing the insured loan programs are met.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1958, were actually received or programmed for 1959 or 1960. Since work for other agencies is performed on a service basis at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: Obligations, : 1958	: Estimated : Obligations, : 1959	: Estimated : Obligations, : 1960
<u>Farm Tenant-Mortgage Insurance Funds, Department of Agriculture - Revolving fund for payments with respect to insured mortgages under Sections 12 and 13 of the Farmers' Home Administration Act of 1946 and Section 10(c) of the Act of August 28, 1937, as amended</u>	\$18,532,743	\$15,859,404	\$14,205,200
<u>Allotments from:</u>			
<u>Disaster Loans, etc., Revolving Fund, Department of Agriculture - For making emergency loans to farmers and stockmen and for other purposes in accordance with provisions of Public Law 38, as amended, and Public Law 727, as amended</u>	68,290,574	62,839,004	53,422,800
<u>Watershed Protection, Soil Conservation Service - For loans to local organizations to finance improvements in small watersheds, and related expenses pursuant to Public Law 566, as amended</u>	11,405	1,000,000	1,000,000
<u>Total, Allotments</u>	68,301,979	63,839,004	54,422,800
<u>Allocation from International Cooperation Administration - For expenses in connection with training activities</u>	19,984	29,000	- -
<u>Trust Funds:</u>			
<u>State Rural Rehabilitation Corporation Funds:</u>			
<u>Funds of State Rural Rehabilitation Corporations made available to the Department for rural rehabilitation purposes under trust or other agreements between the Secretary and individual States:</u>			
Administrative expenses	399,063	330,000	200,000
Undistributed charges	215,111	121,815	37,402
Return of assets to States	190,250	1,360,200	1,560,025
Loans	12,195,462	14,021,970	6,804,000
<u>Total, State Rural Rehabilitation Corporation Funds</u>	12,999,886	15,833,985	8,601,427

(Continued on next page)

Item	: : Obligations, : 1958	: Estimated : Obligations, : 1959	: Estimated : Obligations, : 1960
Obligations Under Reimbursements From	:	:	:
Governmental and Other Sources:	:	:	:
Salaries and expenses	: 104,499:	129,000:	117,000
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND	:	:	:
OTHER FUNDS	: 99,959,091:	95,690,393:	77,346,427

PASSENGER MOTOR VEHICLES

The estimates for the fiscal year 1960 include the replacement of 6 passenger motor vehicles. The vehicles are used by field personnel primarily in connection with necessary rural travel where common carrier is not readily available or practicable. Such travel is for the purpose of assisting and advising county supervisors in the investigation of applications, making loans, rendering of farm management assistance to borrowers, and collecting and servicing loans under the various loan programs. Repair and maintenance records show that the maximum economic operation is reached at 55,000 to 65,000 miles. Thereafter, breakdowns become more frequent and major overhauls are usually required to keep the vehicles in safe operating condition. It is estimated that the mileage on each of the vehicles proposed for replacement in 1960 will range from 60,000 to 75,000 miles and will be at least 65,000 on each vehicle before it is replaced. If these vehicles are not replaced, it is expected on the basis of past maintenance cost records, that the average repair cost per vehicle will be \$200 during 1960, or a total of \$1200. Another factor for consideration is that the resale value of the vehicles will decrease in proportion to increased age and mileage.

The Farmers Home Administration will operate a total of 25 passenger motor vehicles in 1960. These vehicles are located at strategic points throughout the country for use primarily in connection with rural travel.

While custody of the vehicles is under the State Directors, they are not assigned for use of any one person. The use policy involves (1) planning travel and field schedules so as to obtain the maximum amount of use from these vehicles, (2) strict adherence to the preventive maintenance requirements in order to avoid keeping the vehicle in a non-use status for unreasonable periods of time, (3) giving preference to group travel where program functions will permit and (4) the use of common carrier where it is more economical.

Age-Year Model	Age Data		Mileage Data	
		Number of Vehicles	Lifetime Mileage	Number of Vehicles
1954		1	60,000 to 80,000	1
1955		2	40,000 to 60,000	12
1956		6	20,000 to 40,000	5
1957		6	0 to 20,000	7
1958		6		
1959		4		
		<u>25</u>		<u>25</u>



OFFICE OF THE GENERAL COUNSEL

Purpose Statement

The Office of the General Counsel, originally known as the Office of the Solicitor, was established in 1910 (5 U.S.C. 518) as the law office of the Department of Agriculture, and performs all of the legal work arising from the activities of the Department. The General Counsel represents the Department in administrative proceedings for the promulgation of rules having the force and effect of law; in quasi-judicial hearings held in connection with the administration of various programs and acts; and in proceedings before the Interstate Commerce Commission involving freight rates and practices relating to farm commodities, including appeals from the decisions of the Commission to the courts. He serves as general counsel for the Commodity Credit Corporation and the Federal Crop Insurance Corporation. He reviews criminal cases arising under the programs of the Department for referral to the Department of Justice.

By special assignment of the Attorney General, the Assistant General Counsel for Litigation represents the Department in certain categories of cases before appellate courts, including the Supreme Courts of the States, U. S. Court of appeals and the Supreme Court of the United States. The General Counsel issues both formal and informal opinions on legal questions arising in the administration of the Department's programs; prepares and reviews administrative rules and regulations applicable to the public; assists in the drafting of proposed legislation; prepares, reviews and interprets contracts, mortgages, leases, deeds, and similar documents; prosecutes patent applications for employees of the Department; examines titles to lands to be acquired by the Government or accepted as security for loans; and disposes of claims by and against the United States arising out of the Department's activities.

The legal work of the Office is conducted in Washington, under the direction of the General Counsel, the Deputy General Counsel, and 4 Assistant General Counsels. The work in the field is performed by 15 field offices and 4 branch offices.

On November 30, 1958, the General Counsel's Office had 408 employees, of whom 252 were in Washington and 156 in the field.

	Estimated Available, <u>1959</u>	Budget Estimate, <u>1960</u>
Appropriation	\$3,235,500	\$3,310,500



Salaries and Expenses

Appropriation Act, 1959	\$2,968,000
Proposed supplemental, 1959, for pay act costs	267,500
Base for 1960	3,235,500
Budget Estimate, 1960	3,310,500
Increase	<u>+75,000</u>

SUMMARY OF INCREASES, 1960

For legal services incident to:	
Mandatory inspection of poultry and poultry products	+20,000
Activities under the Packers and Stockyards Act	+55,000

PROJECT STATEMENT

Project	1958	1959 (estimated)	Increases	1960 (estimated)
1. Agricultural credit and conservation	\$1,508,166	\$1,607,500	- -	\$1,607,500
2. Commodity Credit, production and adjustment programs	752,671	818,000	- -	818,000
3. Marketing and regulatory laws	500,058	539,000	+\$75,000(1)	614,000
4. Agricultural research and staff legal services	261,405	271,000	- -	271,000
Subtotal a/	3,022,300	3,235,500	+75,000	3,310,500
Unobligated balance	5,700	- -	- -	- -
Total pay act costs (P.L. 85-462):	[121,642]	[275,000]	[+6,500]	[281,500]
Total available or estimate	3,028,000	3,235,500	+75,000	3,310,500
Transferred from "Conservation reserve, soil bank programs, Agriculture"	-85,000	- -		
Proposed supplemental due to pay increase	- -	-267,500		
Total appropriation or estimate	2,943,000	2,968,000		

a/ Represents obligations. The amount of \$3,018,729 indicated for 1958 in the 1960 Budget represents applied costs. The difference of \$3,571 reflects, primarily, the excess of orders placed for equipment and transportation of household goods in 1958 over such goods and services received in that year.

INCREASE

(1) An increase of \$75,000 for legal services under the project "Marketing and regulatory laws" composed of:

(a) An increase of \$20,000 for legal services incident to the compulsory poultry inspection program.

Need for Increase: Public Law 85-172 initiated a new program for the compulsory inspection of poultry and poultry products moving in interstate commerce or in major consuming areas designated by the Secretary after hearing. The Act requires compulsory inspection of poultry and poultry products for wholesomeness, and provides for reinspection, quarantine and segregation of poultry and poultry products, the maintenance of sanitary slaughtering and processing facilities and practices, and correct and informative labeling.

The Act provides penalties for violations of its provisions or the requirements of the Secretary established in regulations thereunder. It provides that persons may bring themselves within the coverage of the Act voluntarily until January 1, 1959, when its provisions become mandatory, except as exemptions are provided under regulations governing the administration of the Act.

Plan of Work: Many hundreds of plants processing poultry and poultry products are subject to the Act, and as of July 1, 1958, 206 plants have voluntarily had inspection instituted under the Act. By January 1, 1959, about 750 eviscerating plants were subject to the Act.

The initiation and servicing of a program of this magnitude will involve a substantial volume of legal work in connection with (1) rule-making, including passing on qualifications for exemptions, providing for establishment of standards of identity, etc., (2) public hearings in connection with the designation of major-consuming areas, (3) formal adjudicatory hearings in connection with denials of service and determination of legality of labeling, (4) analysis of investigation reports to ascertain the sufficiency of evidence to warrant referral of cases for criminal prosecution, and (5) legal opinions construing the statute and regulations thereunder, as well as their application to a variety of factual situations.

(b) An increase of \$55,000 for legal services related to administration of the Packers and Stockyards Act, as amended.

Need for Increase: Public Law 85-909 amended Title III of the Packers and Stockyards Act to broaden substantially the jurisdiction of the Department. Previously jurisdiction was limited to activities at stockyards consisting of at least 20,000 square feet and posted under the Act. The size limitation for posting has now been removed and all public stockyards engaged in interstate commerce are eligible for posting. In addition the amendment extends the Department's jurisdiction to all livestock transactions in interstate commerce and authorizes the requirement of registration of persons operating as market agencies away from posted stockyards. In fact, the volume of work represented by the transfer to the Federal Trade Commission is far exceeded by the increase in workload under Title II relating to packers activities remaining under the jurisdiction of the Department. The extent of this increase in enforcement work is shown by the figures for fiscal year 1958. On July 1, 1957, there were three formal proceedings pending against packers under Title II and 19 investigations of packers being conducted by the Department, not including preliminary investigations

in the field by district supervisors. Although 36 investigations and 10 formal proceedings were disposed of during the year, on July 1, 1958, there were 46 such investigations and 12 formal proceedings pending, clearly indicating the prospects of a continuing increase in workload under Title II during fiscal years 1959 and 1960. The general increase in workload under the Packers and Stockyards Act and the prospects of further increases is also demonstrated by the fact that on July 1, 1957, there were 43 formal administrative proceedings pending; during the 1958 fiscal year 146 new proceedings were initiated and, although 86 proceedings were decided, on June 30, 1958, there were 103 formal proceedings pending under this Act, representing an increase of approximately 150% in pending proceedings.

Registration previously was limited to persons operating at posted stockyards. While P.L. 85-909 also transfers certain functions under Title II of the Act to the Federal Trade Commission, the volume of work represented thereby is relatively small as compared with the substantial additional workload that will be required by the amendments to Title III. Such transfer of functions to F.T.C. has been fully considered in arriving at this estimate. In addition to the foregoing substantial increase in legal workload due to the broadening of the jurisdiction of the Department, the increased volume of disciplinary proceedings under the authority heretofore vested in the Department, has resulted in more than doubling the volume of legal work incident to formal adjudicatory hearings and the extent of pending investigations would indicate a continuing increase in this field.

Plan of Work: Prior to the amendment approximately 900 to 1,000 stockyards were eligible for posting under the Act of which 600 were posted on July 1, 1958. Of the estimated 2,400 stockyards (terminal and auction) doing business in the country, about 2,100 are subject to the Act as amended. It is estimated that about 1,100 of these yards will be posted by June 30, 1959, and about 2,100 yards by the end of 1960. The posting of additional stockyards, together with the broadening of the Department's jurisdiction to include all livestock transactions in interstate commerce whether or not at posted stockyards and the broadening of the registration authority, will necessarily result in a considerable increase in the volume of legal work in connection with (1) rulemaking, including the preparation of posting notices and revisions of the regulations, (2) formal adjudicatory hearings in disciplinary proceedings and reparation proceedings relating to unfair practices under the Act, and possibly in rate proceedings, (3) analysis of investigation reports to ascertain the sufficiency of evidence to warrant reference of cases for civil penalty and injunction actions and criminal prosecutions, and (4) legal opinions construing the statute and regulations thereunder as well as their application to a wide variety of factual situations.



STATUS OF PROGRAM

The Office of the General Counsel furnishes all of the legal services required in connection with the programs and activities of the Department. The Secretary, members of the Secretary's staff, and program officials are advised on legal matters which arise in connection with their work. The progress and effectiveness of the functions of the Department require legal competence with a broad appreciation and understanding of the Department and related governmental policies and programs.

This office is responsible for interpreting existing legal authorities affecting actions or proposed actions of the Department's agencies and the application of such interpretations to the programs and operations of the Department. Because the attorneys of this office are intimately acquainted with the operations of the Department's programs, the statutes under which they operate, and the sources of available information, they are frequently requested to prepare the many complex cases for litigation and to assist the United States Attorneys in the trial thereof. In a number of appellate cases the Assistant General Counsel for Litigation presents the oral argument.

Examples of recent activities illustrative of legal work performed during fiscal year 1958 are listed below.

AGRICULTURAL CREDIT AND CONSERVATION

1. Farmers Home Administration Programs

a. Insured Mortgage Loans: The staff aided in the preparation, perfection, and explanation of legislation designed to make insured mortgage loans more attractive to private lenders in competition with investments producing equal or higher returns and make it possible for the Government to acquire and dispose of such obligations on terms consistent with the investment market from time to time in managing the Mortgage Insurance Fund.

b. Revolving Fund: The office cooperated with Department representatives in preparing proposed legislation to establish a revolving fund to be used in connection with direct loan programs of the Farmers Home Administration, other than the emergency loan program, which would permit reporting the financial operations of the agency on a net basis.

c. Dockets and Applications: An increased number of dockets for loans under Section 8 of the revised Watershed Protection and Flood Prevention Act were prepared and reviewed for legal sufficiency. Assistance was rendered in perfecting the form of application under which complicated, detailed security data will be presented by the applicant.

d. Mortgage Forms: A mortgage form was drafted for each State, combining the necessary provisions from four existing mortgage forms now used separately for different Farmers Home Administration programs.

e. Security Servicing: The office participated in revising the security title clearance instruction for real estate loan servicing and consolidated chattel security servicing and real estate security servicing instructions for use by the agency.

f. Loans: Legal services were provided in connection with individual loans, including a substantial number of association type Soil and Water Conservation loans, outstanding among which was a commitment to a statutory water district for the insurance of its revenue bonds to finance construction of rural domestic water system. Other loan closing legal work consisted of those real estate cases where neither designated attorneys nor title insurance was available under the title clearance regulations of the agency.

g. Mineral Transfer: Assistance was given the agency in assembling material documenting the transfer of reserved minerals to the Department of the Interior and completion of this Department's authority under the reserved mineral liquidation act.

h. Claims: A major volume of legal work on Farmers Home Administration programs involved the collection of claims and accounts through bankruptcy, decedent's estates, suits on notes, mortgage foreclosures, actions and damages for the conversion of mortgaged property, and the condemnation of security property for right-of-way purposes. This work, involving trial briefs and basic research for appellate briefs, included legal questions concerning the priority of the Government's security over State and local taxes, conversion actions against public auctioneers, auction markets, and other converters. In this whole area, the purpose of these services was to present the matters to the United States Attorney and the Department of Justice on behalf of the agency in such manner as would expedite the civil action recommended. Reference of criminal matters included misrepresentations and sale of mortgaged property.

2. Forestry and Lands Programs

a. Mining Claims: A substantial amount of time was required in connection with the determination of surface rights on mining claims within national forests under the Mineral Materials Act as amended by the Act of July 23, 1955. This work included the review of approximately 150 requests to the Department of the Interior for publication of notice to mining claimants for determination of surface rights, assistance in the preparation and review of affidavits of examination, area descriptions, certificates of examination of tract indexes, and related documents accompanying such requests, and assistance in preparation for and conducting hearings to determine surface rights.

b. Civil and Criminal Actions: At the request of the Department of Justice, attorneys from this office participated in the preparation and prosecution of civil and criminal actions, including actions arising from fire, timber, and occupancy trespasses on national forests, breach of timber sale contracts, and to prevent damage to lands and resources of the national forests and other lands administered by the Forest Service.

c. Judicial Proceedings: The office aided in preparation and prosecution of quasi-judicial proceedings before the Department of the Interior contesting the validity of mining claims on national forest lands.

d. Proposed legislation: The staff rendered assistance in the drafting of legislation to be proposed to Congress by the Department or to be forwarded to a member of Congress in response to his request; the analysis of proposed legislation for use in connection with the preparation of agency recommendations thereon; and the review of reports by the Department to Congress on proposed legislation. Examples of proposals in connection with which considerable work was performed include those dealing with mineral resources, wilderness areas, sustained yield and multiple use management, authority to grant easements for rights-of-way and wildlife.

e. Federal Power Act: Legal advice was given in the drafting or review of regulations, instructions, delegations of authority, and legal instruments, such as contracts, permits, cooperative agreements, deeds, easements for right-of-way for roads and for right-of-way for radio-electronic sites, and conditions in licenses issued by the Federal Power Commission under Section 4(e) of the Federal Power Act, for use in the various programs, including research, land acquisition and utilization, State and private cooperative forest programs, and management of timber, range, water and other resources of the national forests and other lands administered by the Forest Service.

f. Timber Sales and Grazing: Legal advice and assistance was furnished in connection with appeals under Forest Service Regulation A-10 (36 C.F.R. 211.2) to Forest Service officials and to the Secretary from administrative decisions concerning national forest timber sales and grazing privileges.

g. Federal Highway Act: Opinions were given on the interpretation of the Federal-Aid Highway Acts of 1956 and 1958 relative to rights-of-way over national forest lands reserved from the public domain and other lands and in the interpretation of the fund apportionment authority under the Federal Highway Act.

h. Land Acquisitions and Easements: Legal work was performed in connection with the land acquisition programs conducted principally under the Act of June 22, 1948, as amended (16 U.S.C. 577c et seq.) applicable to certain areas of the Superior National Forest in Minnesota, the Weeks Forestry Act, Title III of the Bankhead-Jones Farm Tenant Act, and the Federal Highway Act. Many easements were acquired under the latter, particularly for use in marketing national forest timber. This work consisted primarily of procuring abstracts, certificates of title, and title insurance from commercial sources; reviewing title evidence; drafting and approving title documents; preparing title opinions; and preparing declarations of taking and requests for condemnation.

i. Water Rights: Determinations were made of the appropriability of water and rights thereto on national forest lands.

3. Soil Conservation Programs

a. Soil and Water Conservation: Legal work in connection with the program for the prevention and control of soil erosion and the conservation of soil and water resources included the review and approval of memoranda of understanding and cooperative agreements, studies of new and proposed changes of State soil conservation districts legislation, and assistance in connection with water rights, drainage and irrigation.

b. Watershed Protection and Flood Prevention. In connection with the programs for watershed protection and flood prevention the work of the office included the review and approval of watershed work plans, and the preparation, review and approval of deeds, easements, subordination agreements, and permits, and to such other matters as

construction contracts, performance and payment bonds, project agreements, and rights relating to the control, appropriation, use, distribution and storage of water for beneficial purposes.

c. Great Plains Program: The staff aided in the drafting and review of regulations, instructions, delegations of authority, and contracts and other legal instruments relating to the Great Plains Conservation Program.

d. Water Conservation and Utilization: Deeds, easements, and other legal instruments were prepared and reviewed, and the provisions of applicable Federal laws were reviewed and interpreted in connection with the water conservation and utilization projects carried out under the Acts of May 10, 1939, October 14, 1940, as amended and supplemented, and September 6, 1950.

e. Legislation: This office aided in the program of helping people in the various States to secure the enactment of new or amendatory State legislation to further cooperation between State and local agencies and the Secretary of Agriculture in activities authorized by the Watershed Protection and Flood Prevention Act of August 4, 1954, as amended. In all, 80 different laws were passed in 38 States in 1955, 1956, and 1957. This work included extensive discussions with State officials and agricultural leaders in the various States, the analysis of existing applicable State laws, and the drafting, review and approval of proposed new and amendatory State legislation.

4. Rural Utilities Program

a. Loans: Loan contracts, notes, mortgages or deeds of trust, and supporting papers for each loan were drafted and executed documents were reviewed and cleared. Similar services in connection with agreements modifying payment schedules under borrowers' notes, and supplemental security instruments required to maintain the Government's security interests were rendered.

b. Financing and Construction of Facilities: Sale agreements, instruments of title, franchises, commission orders, ordinances, corporate proceedings, and other documents involved in REA financing of the numerous acquisitions by borrowers of existing telephone and electric systems and of construction of new telephone and electric facilities were prepared or reviewed.

c. Legal Opinions: Opinions were rendered and advice provided with respect to the permissible limits of proposed electric or telephone loans, including those involving complex arrangements for joint financing with non-REA sources and pooling and interconnection of facilities.

d. Contracts: Contracts relating to borrowers' construction, engineering services, power sales and procurement, and connecting company arrangements were prepared, reviewed or revised. Legal assistance was given in disputes involving such contracts.

e. Titles: Review and clearance of borrowers' titles to real estate, of the organization and revisions of borrowers' corporate structures, and of required orders or approvals borrowers' activities and rates by state and federal regulatory bodies were made. Assistance and advice was given to REA officials and borrowers' attorneys in litigation or proceedings involving these matters, including working with Department of Justice in litigation instituted by Iowa-Illinois Gas & Electric Company against the Secretary and Administrator challenging validity of REA loan in proceedings before District Court and Court of Appeals of the District of Columbia and the United States Supreme Court, culminating in denial of certiorari by latter court following denial by the District Court and Court of Appeals of plaintiff's standing to sue.

f. Security Problems: Staff members aided in the solution of borrowers' operating or security problems, including preparation of supplemental loan and security documents and advice to effectuate the transfer of telephone or electric properties from one borrower to another, involving the assumption of indebtedness to the Government and the assignment of loans.

g. Nuclear Power Generation and Communication. Attorneys worked with the REA in negotiating and drafting contracts in connection with tentative approval by the Atomic Energy Commission of borrowers' proposals to construct nuclear electric generating plants. Similar assistance was given in connection with the negotiation of contract revisions between electric generating and transmission borrowers and Southwestern Power Administration pursuant to Congressional directives, and additional contract revisions resulting from REA financing of new generating facilities to meet growing needs of such borrowers. They also provided legal advice to REA in connection with extensive construction and operating agreements for telephone and related communication services to the Air Force's SAGE warning system.

h. Power Supply and Integration: The office reviewed joint power supply or integration arrangements between electric borrowers and power companies, or state or federal agencies, involving in some instances REA loans for facilities to be leased to or operated by the power companies or governmental agencies, as well as other types of integration of facilities, in the interests of common economies. The effects of litigation and disputes pertaining to such integration, particularly on the advance of loan funds was considered.

COMMODITY CREDIT, PRODUCTION AND ADJUSTMENT

1. Price Support Programs

Bulletins, announcements, instructions, regulations, notes, chattel mortgages, loan agreements, and purchase agreements used in the price support program were prepared or revised. Agreements with warehousemen storing commodities owned by or under loan to Commodity Credit Corporation were prepared. Legal advice was also given with respect to the preparation of contracts between the Corporation and dealers, processors, private lending agencies, and the Federal Reserve Banks, which are utilized by Commodity Credit Corporation in carrying out its price support operations.

2. Commodity Credit Corporation Disposal and Export Programs

Legal services rendered in connection with disposal and export programs of Commodity Credit Corporation continued to increase. This office assisted in the preparation of or reviewed 83 barter agreements or amendments thereto. Payment in kind programs, under which export sales of agricultural commodities from privately owned stocks are subsidized by allowing credits which may be applied against the price of agricultural commodities purchased from Commodity Credit Corporation inventory, were developed for several agricultural commodities. In connection with the various disposal operations, regulations, announcements, and agreements were prepared, and the claims and varied legal problems arising in connection with the processing, transporting, warehousing, and financing of commodities under these programs were handled.

3. Grain Storage Facilities Program

Legal problems arising in connection with the leasing and management of the bin sites were handled and purchase and erection contracts for the grain bins were prepared. Legal problems in connection with taxes, labor, warranties and claims were also handled. The office prepared regulations, notes, loan agreements and other documents in connection with loans to farmers for the construction of storage facilities and the

acquisition of mobile drying equipment for the storage and preservation of grain on farms while held under price support loans and rendered legal advice in connection with problems arising in connection therewith.

4. Emergency Feed Relief Program

Regulations, application forms, and other legal instruments were prepared pursuant to which this program is conducted by Commodity Credit Corporation for drought, flood, and other disaster relief under section 407 of the Agricultural Act of 1949, as amended, and legal assistance was rendered in connection with the day to day operation of the program and claims arising thereunder.

5. Foreign Market Development

Legal assistance was rendered in connection with the many varied problems which arose in the carrying out of the program of the Foreign Agricultural Service to develop new and expanded markets for United States agricultural commodities, using foreign currencies derived under Title I of P.L. 480. In connection therewith 124 project agreements or amendments thereto were reviewed by this office.

6. Section 22 of Agricultural Adjustment Act (of 1933)

Legal assistance was given with respect to proposed action under Section 22, including participation in hearings before the Tariff Commission, in connection with the imposition of import restrictions, in the form of fees or quantitative limitations, on agricultural commodities the importation of which affects certain programs of the Department.

7. Section 32 Program

The purchase and donation, export, and diversion programs carried out under Section 32 of the Act of August 24, 1935, covering a number of commodities raised varied legal problems which were handled by this office. These included the preparation or legal approval of regulations and procedures, contracts, donation agreements and other legal instruments, and the dockets authorizing or amending the programs.

8. School Lunch Program

Legal assistance was given in connection with programs for the procurement and distribution of a variety of food products under Section 6 of the National School Lunch Act. The dockets authorizing the programs were reviewed and contracts, procedures and regulations were drafted or approved for legality.

9. Special Milk Program

Regulations, application forms, and other legal instruments were prepared pursuant to which the special milk program was conducted by Commodity Credit Corporation to increase the consumption of fluid milk by children in nonprofit schools, child-care centers and similar nonprofit institutions, and legal assistance was given with respect to problems arising in day to day operations.

10. Corporate Management

In connection with general corporate activities of Commodity Credit Corporation, legal advice was given the Board of Directors, Commodity Credit Corporation, and administrative officials of the Department with respect to organizational, administrative, fiscal, budgetary and procedural matters. Resolutions for approval of the Board of Directors were prepared and bylaw amendments were drafted. Numerous reports required by Congress with respect to corporate activities were prepared or reviewed.

11. Commodity Credit Claims and Litigation

The handling of claims and litigation matters arising out of the activities of Commodity Credit Corporation occupies a major portion of the time of a number of attorneys in Washington and the field who handle Commodity Credit Corporation legal work. The many problems and controversies growing out of the storage, handling, and disposition of the inventories of agricultural commodities acquired in price support operations result in numerous claims and litigation cases, many of which are complex and involve substantial sums of money.

During fiscal year 1958, there were a total of 677 new Commodity Credit Corporation cases referred to the Department of Justice and suits filed against the Corporation. There were 634 cases closed during the fiscal year, leaving a total of 1289 cases, involving approximately \$20 million, pending in the Department of Justice and in courts at the end of the fiscal year. Substantial progress continued to be made during the fiscal year in disposing of a number of cases involving large sums of money which have required several years to conclude legal proceedings. To the maximum extent possible consistent with handling other workloads, attorneys in the office rendered assistance requested by the Department of Justice and United States Attorneys in the preparation for trial and the trial of a number of Commodity Credit Corporation cases. In view of the complexity and magnitude of many of the Commodity Credit Corporation cases and the intricacies of the agricultural programs out of which these cases arise, the Department of Justice usually requests assistance from this office in the preparation for trial, and in the trial of the most important cases.

Cases arising under Section 32 and the School Lunch Program, which were pending in court or in the Department of Justice, numbered 13, involving slightly over \$1 1/2 million. Five new cases were referred to the Department of Justice and five old cases were closed in this category during the fiscal year.

Illustrative of the varied problems in the claims and litigation work involving Commodity Credit Corporation are the following:

- a. Claims by and Against Commercial Warehousemen: There was brought to a successful conclusion by administrative settlement the largest claim in the history of the Corporation. This matter involved the deterioration of 37 million bushels of wheat which were stored in special commercial tent facilities erected and operated by Burrus Mills, Incorporated, of Dallas, Texas. For the past two and one-half years, the many complex problems incident to the loading out and disposition of this wheat, the determination of claims, and the settlement of the many controversies and problems arising have required extensive legal services by attorneys in the office. The final settlement of all disputed matters was concluded in June 1958, and in July, Burrus Mills completed payment of the remaining amount due. Collection was made without litigation of the entire claim determined to be due Commodity Credit Corporation, which was slightly over \$14 million including interest.
- b. Grain Shortage and Deterioration Cases: During the fiscal year 1958 there were a total of 37 new cases involving shortage and deterioration of grain and other fungible commodities stored in commercial warehouses which were sent to the Department of Justice for appropriate action. This brought the total of such cases referred since January 1951 to 432 cases. That Department has instituted legal action in about 180 of these cases on either the criminal or civil aspects, or both. An excess of \$11 million has been collected on such shortage and deterioration cases as of June 30, 1958. There is a balance due of over \$7 million in the 83 such cases now pending in court or in the Department of Justice. In connection with the criminal aspects of all such cases referred to the Department of Justice, approximately 112 indictments have been returned by Federal grand juries, and a total of 83 convictions have been obtained.
- c. Litigation Involving Rail and Ocean Carriers: Another major source of Commodity Credit Corporation litigation arises out of the transportation of the tremendous volume of agricultural commodities acquired by the Corporation. As of the end of fiscal year 1958, there were 119 transportation cases involving approximately \$4 million which were pending in the courts or in the Department of Justice. During the fiscal year, sixty new transportation cases were referred to the Department of Justice and thirty-five were closed.

d. Drought Emergency Feed Programs: In 1958 several hundred reports of investigations and audits, relating to various violations by feed dealers and farmers, were submitted to this office by administrative officials for legal advice and for review to determine whether the facts warranted referral to the Department of Justice. During the fiscal year 292 emergency feed cases were so referred and 122 were closed by the Department of Justice, leaving a total of 290 cases involving unpaid claims of upwards of \$2.5 million. There were two trials in criminal cases involving violations of the Emergency Feed Program, one resulting in a conviction and the other in acquittal. Six civil suits were filed during the year under the False Claims Act (31 U.S.C. 231) for violations of these programs.

The enactment of Public Law 85-312, which authorized Commodity Credit Corporation under regulations approved by the Secretary of Agriculture to grant relief to farmers and dealers with respect to early and late deliveries under the 1954, 1955 and 1956 Emergency Feed Programs, required the drafting of the regulations and review of all reports of investigations and audits in emergency feed cases to determine what relief could be granted under the act and regulations. In some cases the amounts on which relief was authorized had already been paid by the dealer, and it was necessary to obtain the approval of the Department of Justice prior to the making of the refund.

e. False Claims Cases: More than 400 of the cases (including 291 arising under Emergency Feed Programs) referred to the Department of Justice in fiscal year 1958 involved situations for consideration by the Department of Justice to determine whether the facts warranted action under the Civil False Claims Act, 31 U.S.C. 231. The U. S. Supreme Court on May 28, 1958, resolved conflicting decisions by United States Circuit Courts of Appeal with respect to whether the False Claims Act applies to government corporations such as Commodity Credit Corporation. Cases arising out of the Commodity Credit Corporation Cotton Loan Program were involved in both of the Circuit Courts decisions. The Supreme Court concluded that the Commodity Credit Corporation "is a part of 'the Government of the United States' for purposes of the False Claims Act."

f. Sales of Commodities for Export: Various legal questions and claims have arisen in connection with sales of commodities for export. Contract for such sales provide that, if exportation is not made within the prescribed period, the purchaser will pay Commodity Credit Corporation the difference between the domestic sales price and the export price. A number of claims have arisen in connection with the breach of the export provision in such contracts, and this office has given legal advice to administrative officials and participated in conferences with opposing parties with respect to settlement of such claims. When settlement could not be effected, the cases have been referred to the Department of Justice.

Civil actions are pending in Federal Court in two cases in which the United States is the plaintiff. In two other cases, the purchasers have sued Commodity Credit Corporation, one (Sinason-Teicher Inter-American Grain Corporation) claiming that it was not required to export the commodity but was entitled to delivery in store, and the other (Cargill, Incorporated) contending that it was not liable for the difference between the domestic and export price which had been paid under protest.

g. Tobacco Loan Program: In the first several months of fiscal year 1958, four suits involving a large number of plaintiffs were filed in three different Federal districts to challenge the variety discount provisions of the Tobacco Loan Program which had been developed for the purpose of identifying and reducing the support level for certain varieties of tobacco which were commercially undesirable but difficult to distinguish from other varieties after harvesting. The presence of these undesirable varieties, without proper identification, in market channels had seriously disrupted prices to the detriment of tobacco farmers generally. Since these suits were filed only a few weeks before the beginning of the market seasons for tobacco in the areas involved and sought relief against the enforcement and the variety discount provisions, the court in each instance set the matter for trial within only a few days after the filing of suit. It was consequently necessary to have attorneys who were thoroughly familiar with the Tobacco Loan Program to represent the government in those suits. The Department of Justice, therefore, requested extensive participation by attorneys from this office in the trial of these suits. Three of the four suits were tried, all resulting in judgment in the Government's favor. In one case which was appealed to the United States Court of Appeals for the Fourth Circuit, Stroud, et al. v. Benson, et al., the appellate court ruled in favor of the Government's position.

12. Production and Adjustment Programs

a. Legislation: Proposed amendments were drawn up to the Agricultural Adjustment Act of 1938, as amended, Federal Crop Insurance Act, as amended, the Soil Conservation and Domestic Allotment Act, as amended, and the Sugar Act of 1948, as amended.

b. Regulations: Regulations were drafted in connection with marketing quota programs affecting cotton (both Upland and Extra Long Staple), wheat, peanuts, rice, and tobacco (including Burley, flue-cured, cigar-filler and binder, fire-cured, dark air cured and Virginia sun-cured and Maryland), the acreage allotment program for corn in connection with price supports, programs carried out under Sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended, and the programs for sugar under the Sugar Act of 1948, as amended.

c. Administrative Hearings: Legal assistance was furnished in connection with many administrative hearings before review committees appointed by the Secretary of Agriculture for review of acreage allotments and marketing quotas, and in connection with judicial review of review committee determinations. These activities included the preparation for and presentation of evidence before the review committees, and the preparation of necessary pleadings and records to be filed in court by the review committees, and the drafting of briefs and legal memoranda for use of United States Attorneys in defending review committee action. Also, large numbers of review committee determinations were examined for legal sufficiency. Assistance was also furnished in respect to a number of public hearings in the administration of the Sugar Act.

d. Marketing Quota Penalties: The workload in connection with tobacco, peanut, cotton, and wheat marketing quota penalties continued to be heavy. From 1954 to June 30, 1958, penalty cases involving these commodities of the 1954 to 1958 crops which had been referred to this office totaled 2,592. A substantial number of these cases were disposed of without reference to the Department of Justice, usually through collection effected by demand letters. However, 1,697 were referred to the Department of Justice for legal action and assistance to that Department in the handling of these cases included the preparation of pleadings, the drafting of briefs and legal memoranda, and assisting in trials and hearings.

e. Crop Insurance Regulations and Contracts: Regulations and contracts were drafted in connection with crop insurance programs and the collection of delinquent crop insurance premiums. The office participated in the preparation of defense of numerous suits against the Federal Crop Insurance Corporation for indemnities.

MARKETING AND REGULATORY LAWS

1. Agricultural Marketing Service Programs

a. Marketing Agreements and Orders: During the fiscal year 1958 formal hearings were held in connection with 9 proposed new milk orders and 36 amendments to existing milk orders, and 10 hearings were held in the fruit and vegetable and miscellaneous field. One fruit and vegetable program was terminated and two milk orders were consolidated with other existing milk orders. Two new milk orders and three new fruit and vegetable orders were made effective resulting in 106 programs (68 milk and 38 fruit and vegetable, etc.,) at close of the fiscal year, a new high in the number of programs being serviced. The number of active programs has increased each fiscal year since 1949 when there were only 54 active programs. The total increase amounting to over 100% in milk orders and over 50% of

fruit and vegetable and related orders. Forty-six amendments to existing orders were promulgated and certain provisions of orders were suspended or terminated by 16 such actions. At the close of the fiscal year, proceedings in connection with 12 new programs were pending in various stages of completion.

b. New York Milk Order: During the 1957 fiscal year the New York Milk Order was amended, expanding its territory and coverage to large segments of upstate New York and New Jersey. The somewhat controversial expansion of the New York Milk order to this new territory has resulted in greater than usual enforcement and legal review litigation under this order during the 1958 fiscal year and is expected to continue at a high level for the next few years. In 1958, 16 enforcement or review proceedings were started under this order.

c. Perishable Agricultural Commodities Act: Under the Act, 236 reparation cases were instituted and 296 such cases disposed of during the fiscal year 1958. There were 177 such cases pending at the end of the year as compared with 146 such cases pending at the end of fiscal year 1955. In addition, 15 disciplinary cases were disposed of during the year and nine court cases were on hand on July 1, 1958. Such disciplinary cases required a considerable amount of work in connection with the preparation of pleadings, presentation of evidence and briefing and argument after hearing, and the volume of such cases has tended to increase in recent years.

d. Packers and Stockyards Act: The legal work arising under the Act, has increased substantially in the last two fiscal years. On June 30, 1956, there were 352 posted stockyards. As of July 1, 1958, there were 600 posted. This represents an increase of over two-thirds in the number of stockyards regulated under the Act and results in hundreds of additional market agencies and dealers becoming subject to the Act. It is anticipated that the program to complete the posting of all stockyards subject to the Act will continue through the present fiscal year with a substantial number of additional yards being posted.

In early 1957 the Secretary of Agriculture directed a survey to be made of the current activities and problems under the Packers and Stockyards Act. As a result of this survey the decision was made to increase emphasis on trade practice investigations. Consequently, there has been a substantial increase in the volume of formal proceedings under the Act. On July 1, 1957, there were pending 4 rate, 33 disciplinary, and 6 reparation proceedings, for a total of 43. During the fiscal year new proceedings were instituted as follows: 29 rate, 76 disciplinary, and 41 reparation, for a total of 146. There were disposed of during the year 32 rate, 41 disciplinary, and 13 reparation, for a total of 86, leaving 103 proceedings pending at the end of the fiscal year, which is far in excess of the number pending at the end of any recent fiscal year.

This substantial increase in the number of cases is accompanied by an increase in complex and difficult cases by reason of the increased emphasis on Title II cases involving monopolistic and restraint of trade practices by packers. On July 1, 1957, there were 3 packer cases pending. As of July 1, 1958, 12 formal packer cases were pending with 4 additional cases in the Office of the General Counsel for preparation of initial pleadings. It may be anticipated that this increase in complex packer cases will continue in the light of the fact that 82 investigations in this field were initiated during fiscal year 1958 and 46 of such investigations were pending as of July 1, 1958.

During fiscal year 1958 an important rate proceeding was initiated which involves the broad question of a complete change in the theory of rate making for stockyards heretofore prevailing. Hearings in this case were still in progress at the end of the fiscal year and, according to the disposition thereof, a substantial number of rate proceedings could follow. In addition to the increase in administrative proceedings, there has been a substantial increase in civil and criminal cases as shown by the fact that on July 1, 1957, there were pending 6 civil and 2 criminal cases; while on July 1, 1958, there were 9 civil and 38 criminal cases.

AGRICULTURAL RESEARCH AND STAFF LEGAL SERVICES

1. Staff Legal Services

a. Contract Settlements and Appeals: Contract settlements and contractor appeals received extensive consideration resulting from the impact of large scale construction contracts undertaken in recent years. Assistance was given in the issuance of comprehensively revised regulations relating to handling of contractor appeals. The office gave assistance throughout the year to a Department Committee revising policies on Cooperative agreements and undertakings.

b. Tort Claims: In the field of tort claims, the largest group of cases handled involved use of pesticides in aerial spray operations for eradication of gypsy moth which resulted in alleged damage to crops, fruit trees, automobiles and domestic animals. A major legal issue in such claims submitted to the Department for settlement was the extent of the Government's discretion in using the spray. Fire fighting activities presented new problems of liability for damages by persons engaged in such activities under cooperative arrangements with State organizations. A total of 107 tort claims for \$15,128.75 were allowed under the Department's settlement authority and 26 such claims for \$5,988.89 were disallowed. At the close of the fiscal year, 29 tort suits were pending in the courts, most of which were filed in the fiscal year 1958.

c. Farmer Cooperatives: During this fiscal year, work on a revision of "Legal Phases of Farmer Cooperatives" was completed, and the material was published as FCS Bulletin 10 by the Farmer Cooperative Service. This is a comprehensive treatise of laws and rulings affecting such cooperatives.

d. Personnel: Major personnel problems considered in this fiscal year included those involved in the revision of job standards for existing employees, holiday work and pay, premium compensation (including such compensation and reimbursement therefor under the Poultry Products Inspection Act and premium differential), status of employees in military service, and the Federal Employees Salary Increase Act of 1958.

e. Fees and Charges: Pursuant to Budget Bureau Directive relating to fees and charges, a number of the staff served on the Department work group to screen agency reports and prepare report to Budget Bureau; drafted and reviewed proposed legislation regarding charging fees under various inspection and grading acts; gave oral and written interpretations of existing authorities in this field.

f. ASC Committees: Legislation, regulations, and instructions relating to the election, function, responsibilities, and removal of county and community ASC committeemen required frequent consultation with Congressional staffs and administrative officials. Assistance was rendered in connection with drafting revisions of governing regulations and instructions.

2. Research:

a. Proposed Legislation: Advice and assistance was furnished including the preparation and review of proposed legislation, and in the consideration of proposals for increased utilization of agricultural products, particularly in industry.

b. Property: Advice was given with respect to problems resulting from the ownership by the United States of property on Plum Island and at Orient Point, Long Island, New York, including problems involving jurisdiction of the Federal Government over the harbor at Orient Point and over the property at Plum Island, the jurisdiction over the navigable waters surrounding this area, schooling of children, and police protection for Plum Island and the harbor at Orient Point.

c. Research Facility: Legal work was conducted in connection with the proposal of the Department and the Atomic Energy Commission to devote a portion of the land in Puerto Rico owned by the Commonwealth but devoted to research purposes for the construction of an Atomic Energy Center, and in connection with this problem, assisted in the preparation of a bill to be presented to the Puerto Rican legislature.

d. Patents: In patent work, 113 new cases were submitted to the office and action was initiated in 121 cases. About 290 applications were prosecuted through various stages in the Patent Office. One hundred applications were filed in the Patent Office and 74 were terminated as patents. Twenty appeals were filed before the Board of Appeals and 13 appeals were terminated. One interference was declared and two interferences were terminated favorably to the Government and two unfavorably.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1958, were actually received or programmed for 1959 or 1960. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: : Obligations, : 1958	: Estimated : Obligations, : 1959	: Estimated : Obligations, : 1960
Allotments from:	:	:	:
Disaster Loans, etc., Revolving Fund,	:	:	:
Department of Agriculture:	:	:	:
For legal services in connection with:	:	:	:
disaster loans, fur loans, and the	:	:	:
liquidation of the Regional Agri-	:	:	:
cultural Credit Corporation assets	: \$27,724:	: \$29,200:	: \$29,200
Soil Bank Programs:	:	:	:
Acreage Reserve:	:	:	:
For legal services in connection	:	:	:
with the acreage reserve phase	:	:	:
of the soil bank program	: 43,285:	: 69,500:	: 50,000
Conservation Reserve:	:	:	:
For legal services in connection	:	:	:
with the conservation reserve	:	:	:
phase of the soil bank program	: 43,337:	: 51,000:	: 116,000
Total, allotments	: 114,346:	: 149,700:	: 195,200
Obligations Under Reimbursements From	:	:	:
Governmental and Other Sources:	:	:	:
Salaries and Expenses	: 766:	: 750:	: 750
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND	:	:	:
OTHER FUNDS	: 115,112:	: 150,450:	: 195,950

OFFICE OF THE SECRETARY

Purpose Statement

The Secretary of Agriculture, assisted by the Under Secretary, the Assistant Secretaries, and members of their immediate staff, directs and coordinates the work of the Department; formulates and develops policy; maintains relationships with agricultural organizations and others in the development of farm programs; and maintains liaison with the Office of the President and with members of Congress on all matters pertaining to legislation and policy to insure effective performance of the agricultural programs.

The Office also conducts the following activities:

Personnel administration and service is carried on by the Office of Personnel, the staff agency of the Secretary with responsibility for the personnel management program of the Department. Department-wide leadership, supervision, and coordination are provided in employee performance and development, position classification, salary administration, employment, recruitment, placement, examination, separation, retirement, leave, personnel management, personnel investigations, employee health, awards programs, manpower utilization, personnel and records security, and employee safety. Operational phases of this activity have been substantially delegated to the agencies. A systematic review is made to measure each agency's effectiveness in serving its personnel management requirements.

Budgetary and financial administration and service is carried on by the Office of Budget and Finance, the staff agency of the Secretary with responsibility for functions relating to overall administration of the budgetary, fiscal, and related affairs of the Department. It provides leadership and coordination of these activities throughout the Department, including the acquisition and distribution of funds, accounting, internal auditing, budgetary and financial reporting, organization and management phases of budget and fiscal activities, and related matters.

General Operations are carried on by the Office of Plant and Operations, a staff agency of the Secretary exercising general staff management direction of the housing of the Department's activities, including technical services on design and approval of related construction projects; the leasing of commercial space and matters concerned with management of real property; procurement activities; purchasing, warehousing, utilization and disposal of administrative and operating supplies and equipment, and related activities. The Office performs administrative service functions for the Office of the Secretary and operates certain Departmental services in the District of Columbia, including telephone, telegraph, reproduction, duplicating, addressing and mailing, central storage and distribution of supplies and forms, and the Departmental post office.

Administrative management functions are carried out by the Office of Administrative Management, a staff agency of the Secretary responsible for Department-wide direction, leadership and coordination in the areas of management improvement, organization, administrative issuances, paperwork management, and committee management. Management analysis projects and studies are undertaken to improve administration and introduce new work performance techniques and equipment.

Regulatory hearings and decisions include the work of the Office of Hearing Examiners and of the Judicial Officer. The Hearing Examiners carry out the provisions of the Administrative Procedure Act relating to the holding of hearings (5 U.S.C. 1006, 1010). Hearings are held in connection with prescribing of new regulations and orders, and on disciplinary complaints filed by the Department, or on petitions filed by private parties asking relief from some action of the Department.

The Judicial Officer renders final administrative decisions in regulatory proceedings, and is responsible for preparing "Agriculture Decisions", a monthly publication containing decisions in connection with all quasi-judicial functions and administrative hearings of the Department.

The Hearing Clerk Unit, which operates under the Judicial Officer, is responsible for receiving, filing and acknowledging the receipt of complaints, petitions, answers, briefs, arguments, and other documents filed with the Department of Agriculture in connection with quasi-judicial and administrative proceedings under various regulatory laws administered by the Department.

The National Agricultural Advisory Commission was established pursuant to Executive Order 10472, approved July 20, 1953. It reviews national agricultural policies and the administration of farm programs, and makes recommendations thereon to the Secretary of Agriculture. Composed of 18 members, not more than 9 of whom shall be members of any one political party and at least 12 of whom must be representative farmers from the several geographic sections of the United States, the Commission meets at the call of the Secretary of Agriculture at least once during each quarter of each calendar year.

On November 30, 1958, employment in the staff offices comprising the Office of the Secretary under this appropriation consisted of 320 employees, 316 of whom were in Washington and 4 in the field. In addition, there were 157 employees under the Working Capital Fund under which certain central services are performed for other agencies on a reimbursable basis.

	Estimated Available, 1959	Budget Estimate, 1960
Appropriation	\$2,881,000	\$2,881,000

(a) Salaries and Expenses

Appropriation Act, 1959	\$2,668,895
Proposed supplemental, 1959, for pay act costs	207,505
Activities transferred in 1960 estimates from "Salaries and Expenses, Office of Information", relating to the cost of preparing speeches for the Secretary and his immediate assistants	4,600
Base for 1960	<u>2,881,000</u>
Budget Estimate, 1960	<u>2,881,000</u>

PROJECT STATEMENT

Project	1958	1959 ;(estimated):	1960 ;(estimated)
1. General administration	\$602,970:	\$621,215:	\$621,215
2. Personnel administration and service	677,168:	703,114:	703,114
3. Budgetary and financial administration and service	644,106:	677,025:	677,025
4. General operations	574,834:	606,686:	606,686
5. Administrative management	81,766:	95,545:	95,545
6. Regulatory hearings and decisions	155,888:	165,915:	165,915
7. National Agricultural Advisory Commission	10,462:	11,500:	11,500
Subtotal a/	<u>2,747,194:</u>	<u>2,881,000:</u>	<u>2,881,000</u>
Unobligated balance	9,966:	- -	- -
Total pay act costs (P.L. 85-462)	<u>[102,949]:</u>	<u>[232,000]:</u>	<u>[232,000]</u>
Total available or estimate	<u>2,757,160:</u>	<u>2,881,000:</u>	<u>2,881,000</u>
Transferred from "Conservation reserve, soil bank programs, Agriculture"	-83,500:	- -	- -
Subtotal	<u>2,673,660:</u>	<u>2,881,000:</u>	
Transfer in 1960 estimates from "Salaries and Expenses, Office of Information"	-13,000:	-4,600:	
Proposed supplemental due to pay increases	- -	-207,505:	
Total appropriation or estimate	<u>2,660,660:</u>	<u>2,668,895:</u>	

a/ Represents obligations. The amount of \$2,748,609 indicated for 1958 in the 1960 Budget represents applied costs. The difference of \$1,415 reflects, primarily, the excess of contractual services and equipment used in 1958 over contracts made and orders placed in that year.

TRANSFER IN 1960 ESTIMATES

The 1960 Budget estimates include a proposed transfer in the estimates of \$4,600 from "Salaries and Expenses, Office of Information" to "Salaries and Expenses, Office of the Secretary" to complete action initiated by Congress in the 1959 Appropriation Act to transfer to the Office of the Secretary the cost of preparing speeches for the Secretary of Agriculture and his staff. The 1959 Appropriation Act transferred \$8,235 for this purpose between the two agencies. This amount, together with applicable increased pay costs and the proposed transfer in the estimates, would provide a total of \$13,700 in 1960 and subsequent years, which represents the cost of approximately two-thirds of the annual salaries of one writer and his secretary. The other one-third of their time is devoted to work relating to the specific functions of the Office of Information. Effective July 1, 1958, these two employees were transferred from the Office of Information to the Immediate Office of the Secretary. Under this arrangement it is contemplated that these employees will continue to carry out the work previously performed by them relating to the work of the Office of Information, in addition to the assignments relating to the preparation of speeches. In fiscal year 1959, it is necessary for the Office of Information to reimburse the Office of the Secretary for the additional amount required to carry out the objectives of the Congress. Such action is obviously undesirable as a continuing procedure.

Therefore, it is proposed in the 1960 budget to provide in the appropriation for the Office of the Secretary the entire amount required for the preparation of speeches for the Secretary with a corresponding reduction in the appropriation for the Office of Information. In 1960, and future years, the Office of Information will continue to reimburse the Office of the Secretary annually for any services rendered by these employees in connection with the carrying out of the regular functions of the Office of Information.

STATUS OF PROGRAM

1. General Administration.

The Immediate Office of the Secretary, with its broad responsibility for the development of national agricultural policies and the general management of the Department of Agriculture, coordinates the activities of and provides leadership and direction to the agencies of the Department in order to achieve an efficient and effective agricultural program.

The Secretary, assisted by the Under Secretary and the Assistant Secretaries, provides the policy guidance for Departmental programs. The Assistant Secretaries, in their defined areas of responsibility, coordinate and give general direction to the various functions and activities of the Department.

All programs of the Department are constantly being reviewed to assure that they are meeting the needs of American agriculture for which they were designed. Agriculture is a dynamic industry with ever changing needs and challenges. In this regard, the efforts of the Secretary and his staff are directed toward the goal that American agriculture makes its best possible contribution to the domestic and foreign needs for food and other agricultural commodities.

Assistance in Low-income Rural Areas. Through the leadership of the Secretary's Office, special emphasis is continuing on the rural development program which brings the combined efforts of Federal, state, and local government and private business to bear on problems in low-income rural areas. The objectives are to aid farmers in making their farms economic units, to provide off-farm employment on both a part-time and full-time basis, and in other ways to increase and supplement farm income. Six departments of national government are supporting the work of State agencies, private citizens and organizations, in a joint program involving research, education and community action.

For those rural people in the program counties and trade areas who have the desire and ability to improve income through agriculture, there are special adult education projects and technical assistance. Vocational training, labor surveys and industrial development are emphasized for those who choose non-farm employment. Projects have also been started leading to improved education, better health and sanitation, and community organization.

In fiscal year 1958, the rural development program was expanded to six additional states and Puerto Rico. The impact and effect of the program were also greatly extended through important national, regional and state meetings; increased participation on the part of government agencies and private organizations; and growing public interest in the problems of underemployed rural people. On June 30, 1958, a total of 63 counties and 9 areas (two or more counties each) in 30 states and Puerto Rico were participating in the program on a pilot or demonstration basis. State-level "rural development committees" are now functioning in each of these 30 states. In most of the counties and areas, organized committees of private citizens and agency personnel are working to improve the balance among agriculture, industry, and other income sources.

In directing the work of the Department during the past year, the Secretary's Office also gave special attention to the following areas:

a. It was urged that authority be provided to increase acreage allotments for cotton, wheat, rice, peanuts, and tobacco; that acreage allotments for corn be eliminated; that the escalator clauses, which provide for higher price support as surpluses are reduced, should be eliminated; and that the over-all range within which price support may be offered should be substantially widened. Many of these provisions were included in recent farm legislation.

b. Recommendations that the Conservation Reserve Program of the Soil Bank should be strengthened and the Acreage Reserve Program terminated after the 1958 crop. An expanded Conservation Reserve can be an effective instrument of adjustment not only for retiring marginal land from crop production, and aiding soil, water, forest, and wildlife conservation, but of retiring whole farms from crop production if operators so desire.

c. The Poultry Products Inspection Act, which became law in August 1957, requires that after January 1, 1959, all poultry and poultry products moving in inter-state or foreign commerce be inspected for wholesomeness. The program became available in May 1958 for hundreds of firms desiring to participate in the program.

d. Extension and expansion of the Agricultural Trade Development and Assistance Act (Public Law 480) was strongly urged. This legislation played a major part in raising U.S. agricultural exports to an all-time high in fiscal year 1957 and maintaining exports at a high level in fiscal year 1958. The value of agricultural exports in fiscal year 1958 totaled about \$4 billion, compared with the record \$4.7 billion a year earlier. The decline was entirely in exports under government programs, especially Public Law 480.

The Department continued to stress exports for dollars. Exports outside government programs in fiscal 1958 were maintained at the high level of fiscal 1957. In fact, exports outside the government programs constituted about 70% of total farm exports in fiscal year 1958, compared with 59% in fiscal 1957.

e. Increased emphasis on utilization research was recommended to expand the total market demand for farm commodities. The Department initiated a program for using foreign currencies for contract research with foreign laboratories to develop new uses and greater acceptability for American farm products abroad. This program has great potential for increasing the export market for U. S. surplus farm commodities.

2. Personnel Administration and Service.

The Office of Personnel is responsible for the general direction, coordination and administration of the Department's personnel management program. The Office has broad responsibilities affecting position classification, wage and salary administration, classification and qualification standards, employee performance, development and training, employment recruitment, placement, examination, separation, manpower utilization, employee safety, personnel investigations, awards programs, personnel and records security, personnel management, and employee health.

The Office delegates authority to the agencies to enable completion of personnel actions with a minimum of review and maximum economy in operations, develops and administers standards and uniform practices for all phases of personnel management, issues written instructions to agencies concerning regulatory and administrative policies and procedures, and reviews personnel activities of agencies carried out under delegation of authority.

The following examples are representative of the developments and improvements in the field of personnel administration requiring action by the Office of Personnel:

Reorganization of the Office. The Office of Personnel in 1957 had an organizational structure nearly the same as that which existed in 1940. At that time there was a staff of approximately 225 performing most of the paper processing of personnel actions in the central Departmental office. During the war and post-war periods the operational needs of the various programs in the Department necessitated a gradual but substantial delegation of authority to agencies and field offices, leading to a decrease in the number of personnel in the central office to the present number of 86 positions. With the 1940 organizational structure, there was too great a compartmentalization and not enough flexibility in making assignments. In December 1957, a realignment of functions was made. The new organizational arrangement provides better Departmental leadership by (1) delineating and grouping the personnel operations responsibility in a single division distinct from the staff and policy organization (2) strengthening the review and appraisal of the personnel management programs in the Department's agencies (3) combining the direction of the security, suitability and disciplinary aspects of personnel management under an Assistant Director.

Pay Systems Study. The Interdepartmental Committee on Civilian Compensation was created in July 1957 with the objective of reviewing the entire Federal pay structure and developing appropriate recommendations to guide the Executive Branch on pay policy and in future recommendations for legislative action in the pay area. Three Department representatives were assigned to the staff of this Committee for a period of three months during which intensive analyses were made of existing legislation, systems, policy, and procedures, affecting wages and salaries of Federal employees. Approximately eighteen other major departments and independent agencies were represented on the Committee staff to give well-balanced and comprehensive coverage to the study. Particular attention was given to multiplicity of pay plans in government, problems of pay competition in relation to industry and other non-governmental organizations, executive pay levels, salary and wage alignment problems within existing pay structures, and other major areas in which basic recommendations for improvement could be made. It is expected that action will be taken to implement several recommendations of the Committee in fiscal years 1959 and 1960.

Top Level Positions. The Federal Employees' Pay Act of 1958 provided 287 additional supergrade positions on a Government-wide basis. Estimates of Department needs were compiled for preliminary use by the Civil Service Commission in reviewing total government needs under this legislation. These estimates were also used in testimony before the Manpower Utilization Subcommittee of the House Civil Service Committee along with other data compiled for purposes of that Committee in its inquiry on executive branch needs for top level positions in GS-16, 17 and 18 and under Public Law 313. Development work on the survey was completed in August 1958.

Merit Promotion Program. In conformance with Civil Service Commission requirements, the Department has issued guidelines and standards to be observed in the formulation of individual agency merit promotion plans. Each agency was required to submit a formal written program, which may be an adaptation of its existing promotion plan, not later than January 1, 1959. The Office of Personnel will review and approve each agency promotion plan before it is placed into effect, and through an inspection and advisory program will assure that the promotion program operates as set forth in the plan so that employees are selected for promotion to positions of higher responsibility on the basis of merit.

Master Agreement Governing Student Trainee Program. The Department concluded with the Civil Service Commission the first Department-wide agreement for training and development of student trainees in the Federal Government. By obtaining approval of the Commission to one Department-wide agreement, the necessity for each agency to devise its own plan and negotiate individually with the Commission was eliminated. The Department's efforts in the recruitment of applicants for professional positions in shortage categories will be facilitated by authority delegated to the Department under the master agreement.

Standards Program. During the year the Office continued to provide assistance to agencies in developing examination specifications for positions in the competitive Civil Service. Work was completed on ten such specifications, which included clearing them with the Central Board of Civil Service Examiners for the Department and negotiation with the Civil Service Commission for their final approval. Where examinations were announced on the basis of these specifications, the Office helped agencies prepare the necessary rating schedules to determine eligibility of competitors. The Office of Personnel served as clearing house for suggestions and comments requested by the Commission on 18 new position classification standards of interest to the Department, and made plans to increase the effectiveness of its assistance as production of standards was accelerated by the Commission during the past year. At the same time, the Office assisted on classification standards projects initiated by the agencies, affecting positions of fire control aids and technicians, forestry aids and technicians, poultry products marketing specialists, soil conservation aids, soil scientists, and research and development personnel in various kinds of biological science positions. The classification standards workload is expected to remain at peak level during the balance of this fiscal year and well into fiscal year 1960.

As an adjunct to its work in pay administration, the Office maintained and revised during the fiscal year the Department's Manual of Definitions for Wage Board Jobs. An entirely new wage board manual is also being prepared with agency assistance, which would (a) add qualification standards to the work definitions contained in the present manual; (b) incorporate a new coding system by which titles and definitions are divided into occupational groups and services for evaluation purposes; and (c) provide for greater use of wage board standards published by other agencies for comparable positions.

Investigations, Disciplinary Actions, and Suitability Determinations. During fiscal year 1958, this Office conducted 155 investigations involving employees in travel account irregularities, misuse of Government-owned vehicles, intoxication on duty, and other types of misconduct. During this

period, 55 investigative files in other departments relating to applicants for appointment in this Department were reviewed.

This Office also handled 1101 disciplinary cases, of which 208 resulted in letters of reprimand, 107 in suspensions, 126 in removals after preferment of charges and other types of terminations and 91 in resignations of employees not in good standing. In 569 cases, no disciplinary action was found to be warranted.

Emphasis continued to be placed upon the review, prior to appointment, of previous investigative files relating to applicants, and upon rigid enforcement of Department policy of selection of only those persons suitable for Federal employment. During fiscal year 1958, 504 national agency check and inquiries files containing derogatory information relating to new appointees were reviewed to determine suitability for retention and appropriate disciplinary action.

Employee Development and Training. The Management Improvement Committee of the Department carefully evaluated the needs for administrative training during the early part of this fiscal year. Upon the Committee's recommendation, the Office of Personnel arranged to hold two Institutes for training selected field officials from headquarters cities as trainers or leaders to plan, organize and conduct workshops in their headquarter cities. The purpose of these workshops was to train field administrators in the principles of administration and in a better understanding of the organization and operation of the Department. The 67 leaders who were trained have been responsible for planning 17 local workshops where about 500 employees are to be trained in the principles of administration.

Reading Improvement Program. The Reading Improvement Program is given general direction and supervision by the Office of Personnel and is financed through the Working Capital Fund with each agency paying in proportion to its use. During the past fiscal year, this training has been given to 392 officials and others who have much official reading to do. As a result, their reading efficiency and speed increased an average of 44% to 81%. Six to eight months after the training, 70% estimated that they got through their "in boxes" 20% faster than they did before the training. Also as an incidental result, 62% indicated better management of their time.

Experimental training for field officials was undertaken in three locations - Dallas, Kansas City and Minneapolis. The purpose of this effort was to develop economical ways of training field employees.

Employee Health. Poliomyelitis immunization was offered to all of the Departmental employees below the age of 40 through a cooperative arrangement between the Office of Personnel and the USDA Welfare and Recreation Association. This immunization consisted of three hypodermic injections of the immunizing vaccine. A total of 4771 injections was given.

Under the same cooperative arrangement, Asian Influenza immunization was also offered to employees of the Department; 2209 employees availed themselves of this service. Asian Influenza immunization was also available on an official basis to those employees who have a special occupational exposure to this disease.

3. Budgetary and Financial Administration and Service

The Office of Budget and Finance is responsible for department-wide coordination of the budgetary and financial aspects of Department programs and activities, including the acquisition, distribution and control of funds; accounting; internal auditing, including program investigation; budgetary, financial, and legislative reporting; and the organization and management of these and related activities through the Department.

Among the special activities in the field of budgetary administration requiring action by the Office in the past year were the following:

- a. Accelerated Procurement. Public Law 85-386 authorized immediate appropriation in fiscal year 1958 of up to 50% of the amounts included in the 1959 Budget for procurement of equipment, supplies and materials in fiscal year 1959. Separate accounts were established and appropriation warrants issued for 9 Department agencies. About 45% of the amounts authorized by P.L. 85-386 were made available for advance procurement. Over \$2 million was obligated in 1958 in the Department of Agriculture for this purpose.
- b. Federal Employee Salary Increase Act of 1958. Salary increases of about 10% were provided by Public Law 85-462, and were made retroactive to the first pay period beginning in January 1958. Retroactive pay costs for the Department amounted to about \$18.1 million. No additional appropriations were needed to finance the retroactive pay costs. Agencies of the Department absorbed these costs within funds available to the maximum extent possible. Transfers of about \$10 million were made between agencies and appropriations within the Department to provide additional funds where needed.

A great variety of work is performed in the field of budgetary and financial reporting most of which involves the compilation of special reports to meet needs within the Department and to provide information in response to requests from Congress, various public and private organizations, and the general public. In addition, many recurring agency reports receive Departmental review and clearance before submission to the Budget Bureau, Treasury Department, and other agencies. The improvement of agency reporting systems and the development of improved reporting procedures and techniques constitute important responsibilities in this area, including liaison with agencies outside the Department on such matters.

A reports management program was instituted in fiscal year 1958 for external budgetary and financial reports. The reports involved are those reviewed or prepared in the Office of Budget and Finance for subsequent referral elsewhere; they include the most significant financial reports used by the Department. The program aims at maintaining an effective and simplified external reports system. Requirements governing 69 different reports have been inventoried.

506 legislative reports were prepared or reviewed from the standpoint of budgetary and related administrative and program implications, revised when necessary, and cleared with the appropriate agencies. This compares with 754 reports for 1957 and 571 for 1956.

The Office continued to provide guidance and technical assistance to the agencies in the development and strengthening of internal audit and program investigation activities. Particular attention was directed to the broadening of internal audit to include appraisals of all agency operations and to provide adequate facilities to investigate irregularities in program operations. Specific examples of activity during the past year are as follows:

- a. Assistance was rendered the Forest Service and Federal Extension Service in the establishment of separate internal audit staffs and in the preparation of related functional charts and policy statements. Both staffs will make comprehensive reviews and appraisals of operational, management and financial activities of the agencies. This office also participated with the Forest Service in providing a training seminar for members of the Service's newly established Internal Audit Staff.
- b. Detailed reviews were made of certain activities of the internal audit staffs in Commodity Stabilization Service, Farmers Home Administration, Federal Crop Insurance Corporation, and Soil Conservation Service. Attention was directed to scope and technique of audit and preparation of working papers and reports. These reviews have resulted in improvements in techniques, audit practices, and reporting by the agencies.
- c. Assistance was rendered in the preparation of an audit program for the audit of the Great Plains Program by Soil Conservation Service Auditors.
- d. Assistance was rendered the Agricultural Research Service in establishing investigation services as a part of its internal audit staff.
- e. In collaboration with the agency audit staff, Farmers Home Administration investigative procedures were revised to eliminate certain investigations where explanations in the audit reports would provide sufficient information for initiating improvements.

Leadership and technical assistance were furnished the agencies in the development, revision and maintenance of accounting systems in conformance with Department policies, the accounting principles and standards prescribed by the Comptroller General, the objectives of the Joint Program to Improve Accounting in the Federal Government and the requirements of the Budget and Accounting Procedures Act of 1950. Systems work was performed in 11 Department agencies involving 14 accounting systems. Significant accomplishments involved work of the following types:

- a. Approved systems. The Comptroller General approved the Rural Electrification Administration and the Commodity Exchange Authority's accounting systems.
- b. Preparation and Review of Accounting Systems. Considerable emphasis was placed upon the development of revised accounting systems. Substantial progress has been made in the following agencies: Commodity Stabilization Service, Library, Forest Service, Farmers Home Administration, Office of the Secretary, and Federal Crop Insurance Corporation. The system manual for the CSS has been forwarded to the Comptroller General for consideration and approval.

c. Other Systems Development Work. In addition to the work performed in developing accounting manuals, there is summarized below other improvements which pertained to accounting systems and financial management.

1. Development of fiscal procedures relating to withdrawals and restorations of funds of expired appropriation accounts.
2. Survey of supply purchases and financing practices.
3. Approval by the Bureau of the Budget and the General Accounting Office for the continuing use of a consolidated disbursing account for the Commodity Stabilization Service.

Department Regulations were issued on general financial policies, responsibilities and basic requirements governing cooperative agreements. Other regulations were issued on the accounting and control of real and personal property and the general fiscal policies and requirements to be observed in the administrative examination and reconciliation of accounts. Also, sections of the regulations have been revised to reflect simplification in fiscal procedures and improvements in operations and controls. These include: the simplification of payment and vouchering procedures and the simplification of bonding procedures. Other improvements include: (a) the use of imprest funds was expanded to include payment for travel advances up to \$15; (b) the use of tax exemption certificates was eliminated for small purchases from imprest funds; and (c) the payment procedures for small shipments was simplified through the use of discretionary authority in requiring receipts from vendors for prepaid transportation charges.

An ad hoc Committee on USDA per diem and mileage rates was established to appraise the problems arising from a lack of uniform rates under like travel conditions and to develop improved travel policies and rate practices to be applied under similar circumstances in all agencies. All of the Committee recommendations have been approved. Some of the recommendations have been made a part of the Department regulations, others will require further study of rate data for development of standards.

4. General Operations.

The Office of Plant and Operations is responsible for the general direction, coordination and guidance of all phases of Department-wide programs in the fields of space, real estate, supply and property management, and provides administrative services for the overall Office of the Secretary and departmental service operations in the District of Columbia.

The following represents developments and improvements in the fields of real and personal property and in service operations:

Real Property Management Services: New Department construction continued to be a factor of major importance. The construction of the laboratory buildings at Weslaco, Texas; Winterhaven, Florida; and Fort Collins, Colorado which were designed last fiscal year under Architect-Engineer contracts were carefully observed and fully justified continuation of the policy of major dependence upon contract architects and engineers for the design of new facilities.

Architect-Engineer contracts were let for the design of Soil and Water Conservation Laboratories in Phoenix, Arizona; Riverside, California; Oxford, Mississippi; Morris, Minnesota; and Watkinsville, Georgia. These contracts were completed and designs reviewed, and the Architect-Engineer contract for design of the Animal Disease Laboratory, Ames, Iowa, was also completed and reviewed. Construction contracts were let by General Services Administration for construction at Phoenix, Arizona; Oxford, Mississippi; Morris, Minnesota, and Watkinsville, Georgia. Procedures were also worked out with the Forest Service for the maximum use of Architect-Engineer contracts for the building program of that agency.

This office cooperated with the General Services Administration in a full scale program of modernizing Federally-owned space in Washington and the field. Hundreds of Federal buildings in the field were improved by air-conditioning, the installation of fluorescent lights, new floor coverings, painting, etc. Under this same program in Washington, the South Building received a number of major improvements. The first phase of a three-step air conditioning program was undertaken. As a result of this initial experience, extensive effort is being made to modify plans and specifications for successive steps of the air-conditioning construction program to reduce interference with the work of employees located in the South Building. Progress was also made in the program of improved lighting and acoustical treatment in the South Building.

The Department continued the program for improvement and upgrading of leased space in the field. Material improvements were accomplished in the consolidated State offices in Columbia, South Carolina; Huron, South Dakota; Portland, Oregon; Casper, Wyoming and Indianapolis, Indiana, and in the commodity office in Chicago, Illinois; the Forest Service Regional Office and the Forest Service Experiment Station Headquarters at Portland, Oregon; the Federal Crop Insurance Corporation Branch Manager's Office in Chicago, Illinois. A total of about 290,000 sq. ft. of space was upgraded, housing about 1,815 employees. Contracts were also negotiated for consolidating the State offices in Lansing, Michigan and improving the State offices in Phoenix, Arizona and the commodity office in Minneapolis, Minnesota.

The program for construction of Federal buildings by General Services Administration under the lease-purchase contract plan was abandoned but not before a number of urgently needed projects such as those in Albuquerque, New Mexico and Durham, New Hampshire were placed under contract. The emphasis for Federal construction has swung to construction under direct appropriation rather than lease-purchase contract. The Department continued to participate with General Services Administration in preliminary studies and planning in a number of locations throughout the country, and this year developed detailed USDA space requirements in 13 additional cities.

There has been a continued growth of the Department, both in Washington and in the field. In Washington, D.C. approximately 17,000 square feet of additional improved space was acquired in the Auditors Building and 13,500 square feet of modernized air-conditioned space was obtained in the Federal Warehouse Building at 6th and D Streets, Southwest.

A significant achievement during the year was the development of a system of regulations and procedures for real property accountability and control for agencies of the Department of Agriculture. Considerable emphasis was placed

on the collection and review of reports of real property holdings of the agencies of the Department. Disposals continued to be emphasized and 10 real properties, costing \$120,231 were reported excess to the needs of the Department. 312 properties, costing \$714,266 were disposed of under delegated authority.

The Department's real property holdings as of June 30, 1957, totaled 188,290,797 acres of land, and the cost of land and improvements was approximately \$801,060,000. The Department also occupied 1,562,786 square feet of space in the District of Columbia and 20,512,084 square feet of space in the field as of June 30, 1958. This latter figure includes space in Government-owned structures under Department control not previously reported.

Procurement and Personal Property Management Services: A management study of the acquisition, storage, and distribution of supplies, materials, and printed forms by agency field offices was made in the States of California and Oklahoma, with the objective of determining if improved or alternative procedures for supplying field offices would prove to be more responsive to program needs as well as being more economical. Implementation of a resulting program for improved service is underway.

Stores management policies and methods were improved through a major revision of the Administrative Regulations. Provision is made for a uniform system of stores operation, including records and accounting.

The Office, in cooperation with agency and Departmental staff members, continued to coordinate Department-wide supply activities and to improve operating policies and methods. This work includes on a continuing basis, in part, (1) studies of agency supply patterns to determine adequacy of management and operating systems, (2) inspection of field offices to determine the effectiveness of methods and techniques (30 offices were inspected during the year), (3) implementation of procurement policies and procedures through revision of the Administrative Regulations, and (4) participation in agency Procurement officers' Conferences in the field (5 such conferences were attended during the year).

In the field of transportation, the office participated with the General Services Administration in an analysis of the traffic management needs of the Forest Service, and with the General Accounting Office in a study of the small shipment problem. Some progress was made in identifying areas in which the Administrative cost of obtaining small shipments may be reduced.

Assistance was given to Small Business through participation in Small Business opportunity meetings sponsored by the Small Business Administration to acquaint small business concerns with how to sell to the government. In this connection the pamphlet "Selling to USDA" was revised and over 5,000 copies have been sent out in answer to requests from business men, libraries, chambers of commerce, and others.

Action was taken to fully implement the President's policy on accelerated procurements for the balance of the 1958 fiscal year and from 1959 fiscal year funds advanced under P.L. 85-386. Such action resulted in the immediate procurement of over \$2 million worth of planned procurements in such major categories as construction, communications, laboratory equipment and supplies, automotive and heavy equipment, etc.

The development of uniform and simplified procurement policies and procedures continued under the auspices of the General Services Administration Task Force. This Task Force was established to implement the recommendations of the Cabinet Committee on Small Business and the President's directive thereon with respect to a comprehensive review of procurement policies and procedures of all departments and agencies.

Staff members served on several additional Task Force study groups in such areas as developing uniform policy for use of liquidated damages provisions, consideration of procedures employed in enforcement of labor standards in construction work, revision of government purchase order forms and regulations prescribing uniform format, etc.

Work on improving Federal Supply Schedules was initiated by the General Services Administration by establishment of an interagency task force for this purpose on which this office represents the Department. A staff member is serving as chairman of an interagency working group to improve the format of these Schedules. Office and agency personnel are serving on working groups established to review specific Schedules.

The Office awarded 31 contracts for agencies of the Department and reviewed and approved 107 research contracts for agency award. Contract award procedures were simplified to eliminate unnecessary paperwork and procedural steps to the extent feasible.

Board of Contract Appeals procedures were revised to facilitate the hearings of appeals by contractors from decisions of contracting officers on administrative type contracts. These procedures are a substantial change from former Board of Review regulations.

Surveys of 20 contractors were made by agencies and reviewed by the staff to determine compliance with the nondiscrimination provision of government contracts and to assist in evaluating the effectiveness of the program of the President's Committee on Government Contracts. Staff members worked with that Committee in implementing the Presidential Directive calling for a firmer approach in determining whether prospective contracts can comply with the nondiscrimination provision of government contracts. A member of the staff also is working with an interdepartmental group to develop the feasibility of including the nondiscrimination provision in government bills of lading.

In the areas of Federal Specifications and Standards, cooperative activities with the General Services Administration and other Federal agencies continued. In this connection there were submitted to the agencies for review 466 proposed revisions of or interim Federal Specifications and Standards, and 7 new specification projects were assigned to the agencies for development. Also, 13 proposed Commercial Standards and Simplified Practice Recommendations, submitted by the Department of Commerce, were coordinated with appropriate agencies of the Department.

At the invitation of the General Services Administration, this office participated in the development of basic policy and procedure for a surplus property sales program to be instituted by GSA on an area basis and arranged participation in the program as established in the District of Columbia metropolitan area.

The office completed with the agencies a motor vehicle utilization and replacement analysis on a vehicle class and type basis, including a cost analysis, to determine adequacy of agency motor vehicle management programs. A review of motor vehicle utilization by SCS field activities in 16 states was also completed. This office continued to participate with the General Services Administration on motor pool studies in areas where Department vehicles were located and to encourage the agencies to use services of established Interagency Motor Pools to the fullest extent practicable. To assist the agencies in their use of motor pools, this office developed a brief leaflet on motor pool services, average pool rates and the locations of all established pools. This leaflet is for general distribution to all travelers who may require pool services while performing official duty in or near a pool area.

Service Operations: During the fiscal year 1958, the communication facilities of the Department Telegraph Office were extended in order to accelerate the delivery of the telegrams from the Department Telegraph Office to five participating agencies. Each participating agency had installed a (receiving only) teletype-writer to receive incoming Western Union and General Services Administration messages direct from the Telegraph Office. This arrangement permits almost simultaneous receipt and transmittal of messages in the Telegraph Office, thereby reducing delivery time of messages to a minimum.

A survey was made on how better to service the agencies of the Department in the field of supplies and materials. As a result of the survey, certain changes and simplification of procedures have been effected and the time to process agency orders for supplies has been materially reduced.

5. Administrative Management

Through the Office of Administrative Management staff services are provided for general direction, leadership, and coordination of activities to improve organization, work methods, and management functions in the Department.

Major areas of responsibility are identified below in connection with statements of progress and accomplishment.

Management Improvement. a. The Department's Management Improvement Committee held seven meetings during the past year. This group of agency officials meets under the chairmanship of the Administrative Assistant Secretary, with the Office of Administrative Management providing staff assistance. The Committee, in its advisory capacity, considered such matters as the following:

- (1) More uniform application of per diem and mileage policy among agencies of the Department. The policy statement resulting from this study will be incorporated in Department Administrative Regulations by the Office of Budget and Finance.
- (2) A Department-wide review and analysis of reporting systems and practices was endorsed. Secretary's Memorandum No. 1420 outlined the scope of this survey effort in which all agencies participated.

(3) Plans for the use of electronic data processing equipment were discussed, with attention directed to the need for thorough feasibility studies in advance and the proper training of programmers and technicians.

(4) Improvement of filing systems and systematic procedures for disposition of non-current records were presented as management objectives which require continuing action by all agencies.

(5) As a stimulus to better administration, the Committee supported a revised method of documenting management improvement accomplishments in each agency. Reports on management improvement activities, as called for in Secretary's Memorandum No. 1424, will provide examples of solutions found for management problems. Major developments will be selected as agenda topics for discussion at meetings of the Management Improvement Committee in order to extend, where possible, the benefits resulting from such accomplishments.

b. The Office of Administrative Management has a primary responsibility for staff guidance and coordination of automatic data processing activities, in accordance with Secretary's Memorandum No. 1422. Through its representatives on the Interagency ADP Committee, sponsored by the Budget Bureau, a comprehensive study was made of "Rental vs. Purchase of Automatic Data Processing and Electrical Accounting Machine Equipment." Advice and assistance on specific problems in this specialized field have been provided to operating agencies.

Organization. During the past year 73 organization charts were analyzed and approved, incorporating significant changes in functional assignments in 12 agencies of the Department. Major changes were reported to the Senate Committee on Government Operations.

Administrative Issuances. Title 10 of the USDA Administrative Regulations has for some years provided information on forms usage. This Title is being converted for use by the Office of Administrative Management in setting forth policy and procedure applicable to its areas of responsibility. During the past year such instructions were issued in 17 office memoranda and 7 Secretary's Memoranda.

Paperwork Management. a. Forms. Attention has been directed to revision of general-use forms (AD series) and design of new forms conducive to improved operations. Form AD-300, "Activity Schedule", used to facilitate day-to-day and advance planning of an individual's work, is an example of this effort. During the calendar year 1958 agencies made use of 23,000 pads; for 1959, orders approximate 53,000. The form is especially useful in field offices.

b. Reports. To assist agencies in conducting a comprehensive review of their reporting systems, the Office issued "Guidelines for Reports Review" (Administrative Series No. 17). This publication was supplemented by Form AD-301, "Schedule for Recurring Reports." The form provides documentation of (1) when reports should be prepared and dispatched by an originating office or (2) when reports are due in a receiving office.

Information from agencies indicates that review of their reporting practices has resulted in numerous modifications to simplify systems and reduce the burden of reporting requirements.

c. Correspondence. Incoming mail volume at headquarters offices in Washington approximates 12,000,000 items annually. Much of this is letter mail to which replies must be prepared. For the guidance of USDA personnel in improving correspondence practices, the Office conducted 14 workshops on "Plain Letters" each providing four 2-hour sessions for a total of 298 persons. These workshops were attended generally by agency heads or other top management officials. Agency personnel trained in these workshops thereafter extended the program within their own agencies. By the end of the fiscal year a total of 1721 Department employees had participated in this training effort directed to those who originate and reply to correspondence.

In cooperation with the General Services Administration, arrangements were made for a 10-hour course in mail operations. The sessions were attended by representatives from each agency of the Department.

d. Records. Day-to-day guidance and assistance is given to agencies in improvement of filing systems and the disposition of records under approved disposal schedules. During 1958, the Office reviewed 20 records retention and disposal schedules providing for appropriate action on 310 categories of records material.

In cooperation with the Farmer Cooperative Service, a revised procedure for transfer of material to Federal Records Centers was introduced which reduced the processing time from 12 hours to 5 hours for a shipment of 2,000 folders.

Summary data on USDA records holdings as of June 30, 1958, are as follows:

	<u>Washington, D.C.</u> (cubic feet of records)	<u>Field</u>	<u>Total</u>
On hand July 1, 1957	144,060	750,074	894,134
Disposals during the fiscal year...	12,220	87,985	100,205
Transfers to National Archives and Records Service during the fiscal year.....	4,556	13,317	17,873
On hand June 30, 1958	140,710	772,739	913,449

Committee Management. Current information is maintained on the establishment and discontinuance of three types of committees utilized in planning and coordinating Department programs. As of June 30, 1958, the Department's committee structure included:

	<u>Number</u>
Public Advisory Committees	264
Inter-Departmental Committees ...	165
Departmental Committees	218
	<u>647</u>

Progress on Special Projects. Specific areas to which staff attention has been directed include:

a. Policy on USDA Cooperative Relationships and Arrangements. To clarify Department policy, simplify cooperative arrangements, and appraise effectiveness in the use of cooperative personnel, a Department committee was appointed through Secretary's Memorandum No. 1416. This group drafted a

statement of policy, conferred with representatives of the Association of Land Grant Colleges and Universities and the National Association of State Departments of Agriculture, and reported to the Secretary. The Secretary approved the policy statement on June 19, 1958.

b. Fees and Charges for Certain Government Services. In response to Budget Bureau Bulletin No. 58-3, the Department issued Secretary's Memorandum No. 1421 and thereafter reviewed services and activities for which fees might be appropriate. In this review, recovery of costs was considered appropriate where services rendered confer special benefits to recipients as distinguished from the public at large. Full implementation of the policy is contingent upon Budget Bureau action, and in some cases, the granting of legislative authority to levy fees.

c. Joint Use of Administrative Facilities. This is an experimental project to determine the feasibility of joint use of administrative facilities at selected field locations where several USDA agencies occupy space in the same building. Survey teams visited Alexandria, Louisiana; Des Moines, Iowa; and Nashville, Tennessee. At Alexandria and Des Moines arrangements were made to establish "joint operations committees" of local officials. The Committees will undertake to secure maximum utilization of resources and increased efficiency through practical measures.

d. Secretarial Correspondence Reviewed. In cooperation with the Office of Plant and Operations, a study was made to improve the handling of Secretarial correspondence. Particular attention was directed to content, language, format, and neatness. Clearance procedures also were analyzed. Standards of quality and performance were announced in Secretary's Memorandum No. 1323, Supplement 9.

e. Paperwork Survey in REA. A comprehensive survey was made in the Rural Electrification Administration to evaluate agency practices in the handling of forms, reports, correspondence and records. Through this type of survey, the Office can best assist agencies of the Department in specialized areas of administrative management. The survey was conducted with three basic objectives: (1) to afford background knowledge for staff office personnel in the development of policies, procedures and program guides; (2) to aid agency officials in the application of improved management techniques and principles; and (3) to assure Department officials that reasonable standards of efficiency prevail and that emerging problems are promptly recognized for attention and action.

6. Regulatory Hearings and Decisions.

This activity includes the work of the Office of Hearing Examiners and the functions of the Judicial Officer and his staff. The Office of Hearing Examiners holds hearings, makes reports, recommends decisions and performs such related duties as may be required by the Administrative Procedure Act and the statutory provisions, regulations, and rules of practice applicable to matters under their jurisdiction. A comparison of the number of hearings held by the Hearing Examiners under the various acts since 1952 is shown in the following table:

<u>Laws Involved</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Agricultural Marketing Agreement Act, 1937	69	63	103	68	65	78	68
Commodity Exchange Act	1	4	10	4	1	12	6
Packers and Stockyards Act	36	5	7	4	9	12	27
Perishable Agricultural Commodities Act	5	1	3	5	7	5	8
Sugar Act	2	2	4	7	8	11	5
Market Inspection of Farm Products..	1	1	-	6	2	-	-
Federal Meat Grading	-	-	-	-	1	-	-
Anti-Hog Cholera	-	-	-	-	-	3	-
Agricultural Marketing Act, 1946 ...	-	-	-	-	-	-	3
Forest Service appeals.....	-	-	-	-	-	-	3
Totals	114	76	127	94	93	121	120

The greater number of hearings were formal rule-making proceedings under the Agricultural Marketing Agreement Act of 1937 and the Packers and Stockyards Act. A number of the hearings were on petitions filed by handlers seeking to be relieved from obligations imposed upon them by rules or orders promulgated under the Agricultural Marketing Agreement Act of 1937. In addition, required disciplinary hearings were held in proceedings instituted by the Department involving suspension or revocation of licenses or rights to do business.

Unique among the hearings this year was a disciplinary proceeding on a complaint of the Commodity Exchange Commission, which is composed of the Secretary of Agriculture, the Attorney General, and the Secretary of Commerce. The case involves the legality of a rule promulgated by the Kansas City Board of Trade as it relates to federally licensed warehouses. Following the hearing and the issuance of the report by the hearing examiner, the Commission, with all members present, heard oral argument preliminary to issuance of the final decision.

During this year formal hearings were held for the first time under Departmental Regulation A-10, as amended, which provides for such new procedure on appeals to the Chief of the Forest Service from decisions by Regional Foresters in matters affecting contractual relationships in the use of the national forests. This formal hearing procedure is available to applicants who desire to appeal to the Chief of the Forest Service from decisions regarding timber sales, grazing use, and special land uses, as well as other Forest Service activities.

A hearing in the first contested comprehensive proceeding on rates charged at a major stockyard since World War II was commenced during June. Involved is a complete re-examination of the rate base, the rates of return, and the general rate structure in the light of current economic conditions and the effect thereon of changing practices in the marketing of livestock, specifically at the St. Paul Union Stockyards.

The Judicial Officer renders final administrative decisions in regulatory proceedings of a quasi-judicial nature. A comparison of the number of decisions and orders issued under the various acts since 1952 is as follows:

	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>
Agricultural Marketing Agreement Act	21	42	17	11	22	27	27
Commodity Exchange Act	7	1	12	11	7	9	3
Grain Standards Act	-	2	1	1	5	-	1
Packers and Stockyards Act	93	127	80	79	72	93	98
Perishable Agricultural Commodities Act	235	246	308	249	317	237	336
Anti-Hog Cholera	-	-	-	-	-	1	-
	<u>356</u>	<u>418</u>	<u>418</u>	<u>351</u>	<u>423</u>	<u>367</u>	<u>465</u>

Despite the fact that many more decisions and orders were issued this year than in the six preceding years, the number of cases pending July 1, 1958, as compared with July 1, 1957, has only increased slightly, as reflected in the following table:

	<u>1957</u>	<u>1958</u>
Agricultural Marketing Agreement Act	19	20
Commodity Exchange Act	5	10
Packers and Stockyards Act	43	103
Perishable Agricultural Commodities Act ..	<u>184</u>	<u>137</u>
	251	270

During 1958, 146 new cases were filed under the Packers and Stockyards Act as contrasted with 69 the prior year, or an increase of over 100 percent. This increase was due, in part, to new activity under Title II of the Act which deals with the regulation of packers. During 1958, nine packers were ordered to cease and desist from engaging in practices in violation of the act. Some of the cases filed this year against packers involve novel and difficult questions in such areas as false advertising, discriminatory pricing and tie-in sales. Also under the Packers and Stockyards Act, the registrations of 16 dealers or market agencies were suspended for varying periods because of violations of the Act and cease and desist orders were issued against 13 dealers or market agencies.

Under the Perishable Agricultural Commodities Act, pending cases were reduced from 184 in 1957 to 137 in 1958 due to the completion of 298 proceedings in 1958, or more than have been disposed of in each of the twelve preceding years. In addition, more disciplinary proceedings are being instituted under this act than in prior years and the licenses of seven produce dealers were revoked or suspended because of violations of the act. The Department's complaint seeking to deny a license to Samuel Simon Petro, 17 A.D. 465, was dismissed and the license was ordered issued to the applicant. It was found in such proceeding that the applicant should not be denied a license because of the Department's unauthorized actions with respect to his prior applications for a license. In another case under the act, Lake Shore Growers Cooperative v. Rabin Sales Co., 17 A.D. 199, reparation was awarded to the complainant against respondent in the amount of \$244,505.53, with interest.

Under the Commodity Exchange Act, the registration of a futures commission merchant was suspended and a dealer was denied trading privileges on contract markets for violations of the act. Cases pending July 1, 1958, were increased 100 percent over 1957 because of an increased number of new cases filed in 1958 and the difficulty and complexity of the cases pending which require a greater amount of time in hearing, briefing, and deciding them.

Some of these cases involve questions of manipulation of futures and cash markets in such commodities as eggs, wheat and onions. The question of the availability to respondents of transcripts of investigatory statements made by persons prior to their appearances as witnesses arose in In re Vincent W. Kosuga, 16 A.D. 665.

Under the Agricultural Marketing Agreement Act, five petitions for interim relief were denied and five applications by the Department to dismiss petitions were granted in whole or in part. Under that Act, provisions of the Cleveland milk order requiring compensatory payments into the producer-settlement fund on milk sold in the marketing area from outside the regular source of supply for the Cleveland market was ruled valid, In re The Lawson Milk Company, 17 A.D. 239. Similar provisions are found in many other milk orders issued under the act. The validity of a referendum to determine producer approval of an order regulating milk handling in central Mississippi was upheld, In re Charles P. Mosby, d/b/a Cedar Grove Farms, 16 A.D. 1209, and is on appeal in the United States District Court for the Southern District of Mississippi. The validity of referenda conducted under the act is being questioned with increasing frequency. The extension of the central Mississippi marketing area was upheld in the Mosby case and in In re Copiah Guernsey Dairy Cooperative, Inc., 16 A.D. 1193.

Technical questions concerning the qualification of a cooperative for payments and the validity of the conversion factor utilized as representing the weight of the milk in a quart container of milk were present under the New York milk order in In re New York State Guernsey Breeders' Cooperative, Inc., 17 A.D. 409, and In re Babylon Milk & Cream Co., Inc. 17 A.D. 522, respectively.

(b) Working Capital Fund, Department of Agriculture

The working capital fund is a "no-year" operating fund established by an appropriation of \$400,000 in the 1944 Agricultural Appropriation Act to finance the operating costs of certain centralized service operations pending receipt of reimbursements for such costs from the agencies provided with the services. Operations include duplicating, photographic, art and graphics, motion picture, tabulating, supply, Library photocopying services, and employee training programs conducted by the Office of the Secretary, the Office of Information, and the Library. The integrity of the original appropriation is maintained from year to year by means of these reimbursements, and an appropriation in 1960 is, therefore, unnecessary.

Statements reflecting the assets and liabilities and income and expenses of the working capital fund as of June 30, 1958, as well as estimates for 1959 and 1960, are printed in the Budget schedules for the fiscal year 1960.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1958, were actually received or programmed for 1959 and 1960. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: Obligations, 1958	: Estimated Obligations, 1959	: Estimated Obligations, 1960
Allocations from other Agencies:	:	:	:
<u>International Cooperation Administration</u> - To cover costs incurred for the establishment and maintenance of a roster of technically trained agriculturists	:	:	:
Total, Allocations	\$4,803:	- - :	- - :
Obligations Under Reimbursements from Governmental and Other Sources:	:	:	:
Salaries and expenses	21,525:	\$36,120:	\$36,120
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS	26,328:	36,120:	36,120



PASSENGER MOTOR VEHICLES

The estimates for 1960 continue the authority to replace, if necessary, one automobile used by the Secretary and his staff.

As of November 30, 1958, the Office of the Secretary owned only one automobile which is operated in the District of Columbia. In addition, two vehicles are rented on an annual basis.

One of the rented vehicles is used by the Secretary of Agriculture, and the other vehicles are used on official business by the Under Secretary, the Assistant Secretaries, and members of their immediate staffs, as well as the heads and other responsible officials of the staff offices which comprise the Office of the Secretary.

OFFICE OF INFORMATION

Purpose Statement

The Office of Information was established under its present name in 1925 as a consolidation of functions formally organized as early as 1889, to coordinate in the Department the dissemination of information useful to agriculture as directed by the Act establishing the Department of Agriculture in 1862.

The Office has general direction and supervision of all publications and other information policies and activities of the Department including the final review, illustrating, printing and distribution of publications; clearance and release of press, radio, television, and magazine materials; maintenance of central files of news and general illustration-type photographs; and the preparation and distribution of exhibits and motion pictures. The Office publishes the Yearbook of Agriculture, the annual report of the Secretary of Agriculture, the Department Directory, and the Department List of Publications; handles the details of distributing farmers' bulletins allotted to Members of Congress; and services letter and telephone requests for general information received in the Department. Under the Department's Working Capital Fund, the Office also produces visual informational materials, such as motion pictures, exhibits, art and graphics materials, and still photographic work for the Department and other Government agencies.

Employment as of November 30, 1958, totaled 236. The Office has no field employees, except part-time or intermittent workers for seasonal work in securing still photographs and for displaying exhibits at State fairs and similar agricultural activities.

	Estimated Available, <u>1959</u>	Budget Estimate, <u>1960</u>
Appropriation	\$1,431,665	\$1,431,665

Salaries and Expenses

Appropriation Act 1959	\$1,359,265
Proposed supplemental, 1959, for pay act costs	59,000
Proposed supplemental, 1959, for postal rate increases	a/ 18,000
Activities transferred in 1960 estimates to "Salaries and expenses, Office of the Secretary" relating to cost of preparing speeches for the Secretary and his immediate assistants	-4,600
Base for 1960	1,431,665
Budget Estimate, 1960	<u>1,431,665</u>

a/ In addition to regular Office of Information mailings, this appropriation item finances (a) the postal costs of all USDA agencies' periodicals, publications, and bulletins mailed from the Government Printing Office (representing about 50% of total Office of Information postal costs), and (b) the mailing costs of special information materials covering activities of all agencies of the Department. The cost of such mailings was increased by approximately one-third, effective in the fiscal year 1959, by the general increase in postal rates provided by Public Law 85-426. To provide for the necessary increase in the 1959 appropriation, the 1960 Budget reflects an anticipated supplemental appropriation of \$18,000; for comparability with the 1960 estimate, the additional amount needed in 1959 has been included here in the base for 1960.

PROJECT STATEMENT

Project	1958	1959 :(estimated):	1960 :(estimated)
1. Publications review and distribution ..	\$656,337:	\$685,345	\$685,345
2. Review and distribution of current agricultural information	504,145:	520,185:	520,185
3. Review, preparation, and distribution of visual agricultural information	227,245:	226,135:	226,135
Subtotal a/	1,387,727:	1,431,665:	1,431,665
Unobligated balance	1,073:	- -	- -
Total pay act costs (P.L. 85-462)	[33,735]:	[68,800]:	[68,800]
Total available or estimate	<u>1,388,800:</u>	<u>1,431,665:</u>	<u>1,431,665</u>
Transferred from "Conservation reserve, soil bank program, Agriculture"	-34,300:	- -	-
Transfer in 1960 estimates to "Salaries and expenses, Office of the Secretary" ..	+13,000:	+4,600:	-
Proposed supplemental due to pay increases ..	- -	-59,000:	-
Proposed supplemental due to postal rate increases	- -	-18,000:	-
Total appropriation or estimate	<u>1,367,500:</u>	<u>1,359,265:</u>	-

a/ Represents obligations. The amount of \$1,414,143 indicated for 1958 in the 1960 Budget represents applied costs. The difference of \$26,416 represents, primarily, the excess of publications used in 1958 over orders placed in that year.

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

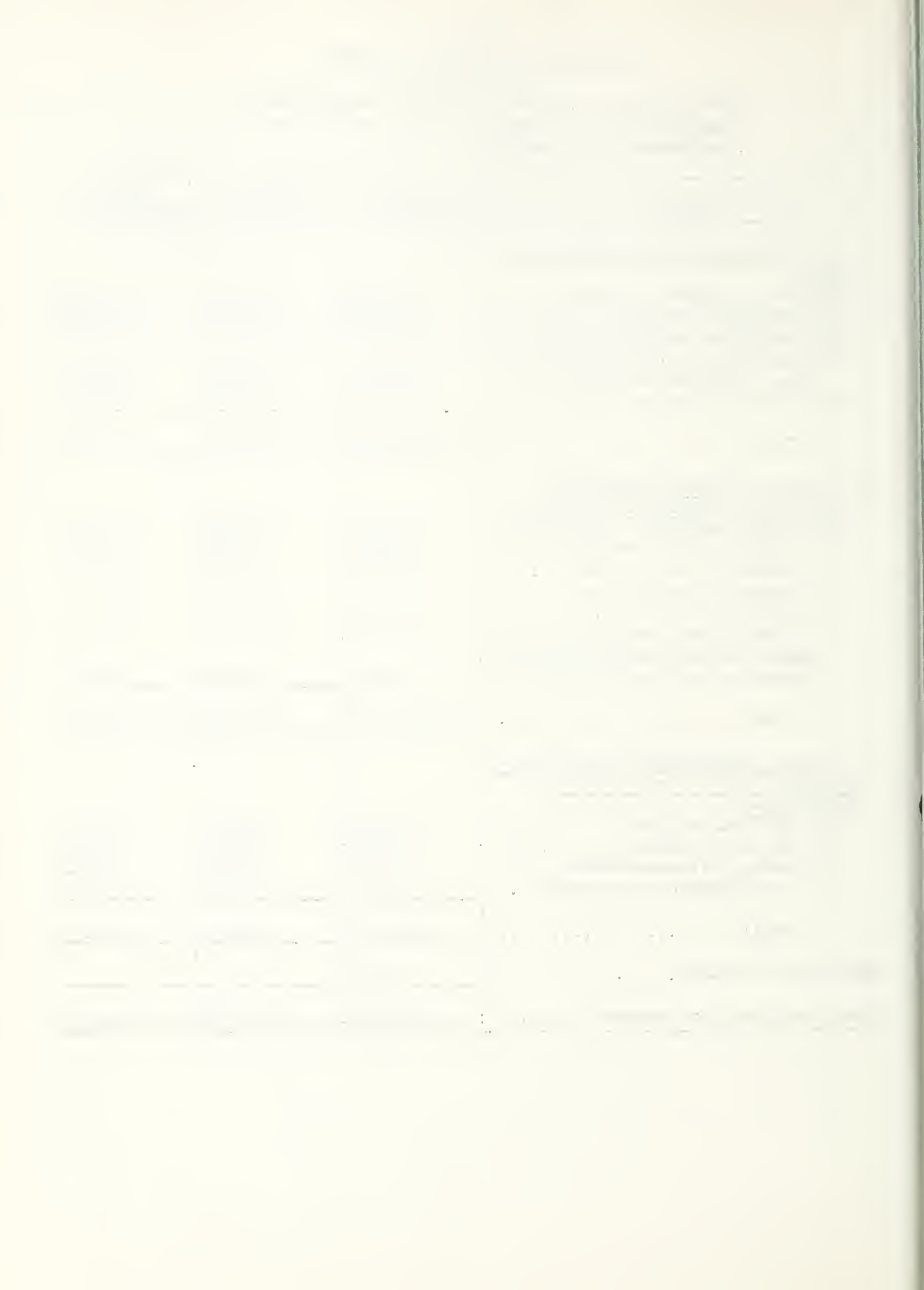
and not less than two hundred [thirty thousand eight] and thirty-one thousand nine hundred and fifty copies for the use of the Senate and House of Representatives of part 2 of the annual report of the Secretary (known as the Yearbook of Agriculture)

The change in language would provide 231,950 copies of the Yearbook of Agriculture for use of the Senate and House. This increase of 1,100 will provide copies for the Senators from the new State of Alaska. In the House, the present quota of Yearbooks for the Delegate from Alaska will be transferred to the new Representative.

SUPPLEMENTARY PROJECT STATEMENT

(The following schedule reflects a more detailed analysis of the obligations shown in the regular project statement.)

Project	1958 (actual)	1959 (estimated)	1960 (estimated)
1. <u>Publications review and distribution:</u>			
(a) Publications management	\$51,167:	\$55,000:	\$55,000
(b) Printing procurment	40,183:	42,845:	42,845
(c) Inquiries and distribution .	291,578:	300,000:	300,000
(d) Printing of farmers' bulletins, reprints and lists	254,761:	267,500:	267,500
(e) Publications use study	18,648:	20,000:	20,000
Total	656,337:	685,345:	685,345
2. <u>Review and distribution of current agricultural information:</u>			
(a) Press service	111,284:	115,000:	115,000
(b) Preparation of reports	63,047:	70,200:	70,200
(c) Radio and television	101,795:	105,985:	105,985
(d) Printing Agriculture Yearbook	213,000:	213,000:	213,000
(e) Special informational materials for programs in low-income agricultural areas	15,019:	16,000:	16,000
Total	504,145:	520,185:	520,185
3. <u>Review, preparation, and distribution of visual agricultural information:</u>			
(a) Art and graphics	20,755:	19,371:	19,371
(b) Exhibits service	69,865:	69,469:	69,469
(c) Motion picture service	79,508:	82,921:	82,921
(d) Photographic distribution ..	57,117:	54,374:	54,374
Total	227,245:	226,135:	226,135
Unobligated balance	1,073:	- -	- -
Total available or estimate	1,388,800:	1,431,665:	1,431,665



STATUS OF PROGRAM

Current Activities: The primary functions of the Office of Information are:

- (1) Overall coordination of all information work in the Department,
- (2) Final review of all information materials released to the public, and
- (3) Coordination of agricultural information activities with those of other Federal and State agencies.

The Office provides a service to the Department and its constituent agencies designed to assist farmers, organizations and institutions interested in agriculture, and the public at large to obtain useful knowledge pertaining to the Nation's agriculture by providing factual information on results of agricultural research work, trends in agricultural programs and policies, and similar information. The work of the Office in the dissemination of information useful to Agriculture falls into three major activities:

Publications, which includes the management of the publications program (both printed or otherwise processed) of the Department, including policy review and clearance, printing, and distribution;

Current information, which includes press, radio and television materials, special reports, the compilation and publication of the Agriculture Yearbook, and providing essential information on Department policies and programs to USDA employees in Washington and the field; and

Visual information, which includes exhibits, still photographs, art and graphics, and motion pictures.

The Office cooperates with commercial, industrial, and other nongovernmental organizations and sources relative to information work as required in carrying out the programs of the Department.

SELECTED EXAMPLES OF RECENT PROGRESS

Publications review and distribution

The Office of Information is continuing its efforts to improve the publications work of the Department and the services for handling the hundreds of thousands of inquiries for publications and information received each year. A special effort was made to assist the originating agencies in their review and revision of publications through an annual clearance program. A special reporting system provided through the Federal Extension Service now keeps USDA agencies advised of State extension service and agricultural experiment station plans for popular publications. Special arrangements were made for speedy handling

of mailing list changes for press, radio, and television media needs, and the duplication of effort in proofing approximately 60 to 70 thousand mailing list plates was eliminated. Some notable examples of progress in these efforts follow:

Publications Needs Survey. In cooperation with the Federal Extension Service, a pilot project was undertaken in five States to explore ways to develop procedures for a continuous sampling of subject matter needs of people for State, regional, and national agricultural and homemaking publications. The work is being carried out through the cooperation of the State extension services in Massachusetts, Mississippi, Michigan, Oklahoma, and Washington. The Office of Information is maintaining and analyzing a master file of the information needs as expressed by people to selected county extension workers.

Aids to Agency Editors Ordering Offset Printing. A new camera-copy checklist was prepared and distributed to agency editors. This checklist is a working tool to help with proper preparation, form, and transmittal of manuscript copy for offset printing at the Government Printing Office. Along with the previously issued manuscript checklist, this aid should help improve the quality of publications and speed up production and delivery of offset printing.

Publications Inventory. A new publications inventory list has been prepared and distributed to State and county extension staffs to assist them in maintaining their supply of up-to-date USDA popular publications. This inventory list will be revised annually for use by the Federal Extension Service for the proper ordering of new stocks and disposing of obsolete and useless bulletins.

Reissue of Congressional Handbook. A revised edition of the Congressional Handbook was issued and forwarded to Members of Congress. This handbook is prepared in the Congressional Unit of the Publications Division to serve as a guide to Members of Congress and their staffs in obtaining information and publications from the Department.

Revised Lists of Publications. A revised "List of Available Publications of the United States Department of Agriculture," List 11, was issued. This is a basic working tool and an invaluable aid in giving information about all of the current publications of the Department. A revised List 5, "Popular Publications for the Farmer and Homemaker," was also issued. The lists of popular publications used by Members of Congress in informing their constituents of available USDA publications were revised as needed.

New Daily Food Guide. The Office cooperated with the Agricultural Research Service in printing of a leaflet with a new popular approach to nutrition. This leaflet, "Food for Fitness -- A Daily Food Guide," links a common color to each of four broad food groups: red for meat, green for vegetables, golden brown for cereals, and creamy yellow for milk.

Back-Page Fillers. A new group of back-page "fillers" for the guidance of hundreds of thousands of farm readers, dealing with such items as conservation, safety in using machines, accident hazards, and milk as a food, were prepared

for use in popular bulletins of the Department. Similar fillers over a five-year period were used in 90 bulletins with a gross distribution of well over 3-1/2 million copies.

Publications Research. The Office of Information continued its research study to find ways to improve the publications of the Department. The research project to learn how farmers in Illinois use USDA publications was completed and the results are under study for general application to the Department's publications program. Among the research projects within USDA, one indicated that Department publications now are easier to read than in the 1940's. A cooperative agreement on the study of graphs in publications was arranged with the University of Wisconsin. The Office also continued to work closely with the land-grant colleges in conducting research into the preparation and use of agricultural college publications.

Improved Specifications and Deliveries for Tabulating Forms. By handling orders from USDA agencies for tabulating forms directly with commercial printing companies, the Printing Section saved agencies \$3,633 by estimating surcharges. This amount is in addition to an approximately \$8,500 saved by improving specifications for printing and transportation of such printing.

Data on Publications Production and Printing.

	<u>1957</u>	<u>1958</u>
Manuscripts received (new and major revisions).....	512	575
New publications to the printer.....	485	526
Reprints to the printer, including slight revisions.....	356	424
Revisions to the printer.....	46	41
(Revisions of popular publications).....	(36)	(32)
Processed publications cleared.....	274	263
Other processed materials reviewed.....	295	244
Issues of major periodicals reviewed and/or published....	172	172
Printing orders processed.....	3,949	4,042

Total Requests for Publications and General Information Increased. Requests for publications and general information totaled 963,893 representing an increase of about 10 percent above the previous year and about the same volume as the five-year average. Congressional requests for copies of publications and general information totaled 412,979 or about 30 percent above the previous year and about 2.5 percent above the five-year average. These figures do not include inquiries for press, radio, television, exhibit, and motion picture information.

The comparison with previous years is shown in the following table:

<u>Fiscal Year</u>	<u>Congressional Requests</u>	<u>Total Requests</u>
1953	350,130	949,626
1954	506,918	1,140,229
1955	415,518	937,593
1956	426,525	954,225
1957	315,783	875,845
1958	412,979	963,893

Data on Publications Handled. A comparison of the number of copies of publications distributed by the Office during fiscal years 1957 and 1958 and estimated for 1959 and 1960 is as follows:

	<u>Copies of All Publications</u>		<u>1959</u>	<u>1960</u>
	<u>1957</u>	<u>1958</u>		
Total stocks of all pubs. at beginning of year.....	9,186,953	8,926,910	9,225,500	9,500,000
New pubs. printed.....	30,386,773	31,488,000	30,000,000	30,000,000
Reprints printed.....	13,562,819	11,146,158	11,774,500	12,000,000
Total available for distri..	53,136,555	51,561,068	51,000,000	51,500,000
Stocks at end of year.....	8,926,910	9,225,500	9,500,000	10,000,000
Total distribution.....	44,209,645	42,335,568	41,500,000	41,500,000

Copies of Farmers' Bulletins

Total stocks of all bulletins at beginning of year.....	5,690,797	4,761,037	4,243,809	5,000,000
New publications printed....	1,315,000	1,630,000	2,500,000	2,000,000
Reprints printed.....	6,045,700	7,017,300	6,756,191	7,000,000
Total available for distri..	13,051,497	13,408,337	13,500,000	14,000,000
Stocks at end of year.....	4,761,037	4,243,809	5,000,000	5,000,000
Total distribution.....	8,290,460	9,165,028	8,500,000	9,000,000

Mailing Lists. Shown below are the mailing list workload items handled in carrying out the responsibilities of maintaining the central mailing list index and of supervising the mailing list activities of the Department:

Names included on index on June 30....	396,157	398,881	402,000	405,000
Mailing lists in index	1,157	1,174	1,175	1,175
Mailing lists revised.	130	68	100	100
<u>Workload Items:</u>				
Additions to lists..	50,090	43,430	45,000	45,000
Names or addresses changed.....	24,024	24,603	25,000	25,000
Names or addresses dropped.....	46,513	40,706	41,881	42,000
Total workload items	120,627	108,739	111,881	112,000

Review and Distribution of Current Agricultural Information

The Office of Information continues its efforts to improve the current informational programs of the Department and the services for handling the telephone, letter, and in-person requests that are received from the press, radio and television mediums and the general public for information and background material on USDA's programs and activities. The Office coordinates the information activities on programs and problems that have cross-agency interest with special emphasis on (1) the special food promotion activities to encourage greater consumption of perishables in temporary surplus, (2) certain insect control programs, (3) efforts to encourage provision of adequate grain storage facilities by farmers, (4) commodity adjustment programs, (5) the third annual Farm-City Week, and (6) the Farm Safety Week.

Press Releases and Special Reports. The Office is responsible for editing, clearing, processing, and distributing the Department's press releases and for distributing special reports. A total of 3,652 releases and reports were issued during fiscal year 1958, a reduction of 868 from the 1957 total. The decrease resulted from progress on combining stories from the agencies and the exclusion of administrative-type materials. A Daily Summary of press releases is distributed to about 3,900 persons requesting information on the Department's programs and activities. This summary affords an economical means of filling such requests for current agricultural information. The weekly release service, Food and Home Notes, was continued to women's editors, women's radio and television program directors, free lance writers, State extension editors, home demonstration leaders, and consumer education and home economics specialists. This service carries reports on research and other activities of the Department of concern to urban and farm families and is circulated to approximately 3,100 persons requesting it. The USDA Farm Paper Letter continues brief reporting on USDA activities and progress, giving approximately 425 farm magazine and newspaper farm editors the highlights of agricultural developments for editorial use and follow-up. At the request of farm magazine editors, advance information, especially in the research field, is provided to give them an opportunity to release such information on a more even time basis with other media.

News for State Release. All Department releases that may be useful for local and regional adaptation are sent to State extension editors in the States to which the information applies. Whenever possible, these releases, especially those in the field of agricultural research, are supplied 10 days to two weeks in advance of publication date to allow State editors time to make adaptations and meet the specified release date. This type of service increases the usefulness of the information, both to the State editors and the outlets they serve. A special series of news stories, in addition to the regular USDA releases, is prepared each week for the exclusive use of State editors. This News Service for Weeklies is designed primarily to meet the needs of weekly newspapers and other local outlets.

Yearbook of Agriculture. The 1958 Yearbook of Agriculture, Land, was published in September 1958. A "companion" volume to the 1957 Yearbook, Soil, its ten major sections with 592 pages of text consider: Our heritage of land; how we use and manage public lands; how we use our private lands; financial aspects of land use (valuation, appraisals, real estate market, land transfer, credit, taxes, etc.); rights, ownership, and tenure; conservation; assistance to land operators; use of public and private forests; land use in Alaska, Hawaii, Puerto Rico; situation of city property; subdivisions; and balanced development of resources. One section of photographs shows the history of land use in the United States. Another comprises aerial photographs that indicate land developments in 16 sections of the country. Work is progressing on the 1959 Yearbook covering the subject of food and human nutrition.

Great Plains Information. The Office, in consultation with Washington and field agency representatives, developed a basis for broadened and continuing information effort on programs affecting the Great Plains, including the Great Plains Conservation Program(P.L. 1021). Special information materials were prepared in cooperation with interested agencies and included a leaflet, PA-346, Questions-and-Answers About the Great Plains Conservation Program, used to inform representatives of USDA, land-grant colleges, Great Plains Program leaders, and others about this program; a six-minute film, A New Tool for the Great Plains, designed principally for television and extension service use in the Great Plains; The Great Plains, a printed fact sheet giving background on agricultural development in the Plains and a description of the various Department services and programs which provide assistance; a series of seven short subject matter leaflets to be used with six films produced in cooperation with the University of Nebraska depicting cultivation practices designed to conserve soil and water resources in the Plains area.

Rural Development Program Information. The Rural Development Program was expanded to 30 States and the Territory of Puerto Rico. The Office continued its information support of this program, including materials designed for State and local leaders. Seven issues of Rural Development Program News were issued during the year. Information assistance for a series of regional and national RDP meetings included the use of all media -- press, radio, television, and exhibits. Conference reports were prepared and a series of still pictures illustrating RDP progress in several States were obtained. Additional materials prepared and issued included the Secretary's second annual RDP report; program coordinating memoranda for State and county leaders; a series of State-by-State reports on program progress; a leaflet, Use and Availability of Credit in Rural Development Programs; Rural Resource Leaflet No. 2 on Forests in Rural Development; and Leaflet No. 3 on Co-ops have a Place in Rural Community Progress.

Conservation Reserve (Soil Bank Program). The Office provided centralized direction of an intensified informational program for the expanded Conservation Reserve Program of the Soil Bank. The widest possible use was made of established channels to press, radio, and television outlets to reach farmers and field organizations of USDA agencies. These efforts contributed to greatly increased interest by farmers in the expanded Conservation Reserve

Program for the 1959 calendar year, as indicated by reports of acres offered to the 1959 Conservation Reserve. The Office produced and distributed the first motion picture on the Conservation Reserve to 250 television stations and produced and distributed a one-minute film to 240 television stations. Three radio tapes explaining the 1959 program were also produced and distributed by the Office to approximately 350 radio stations. Publications and special reports, coordinating information from several agencies, were produced and distributed as part of the overall information plan for which the Office provides leadership. These publications included PA-380, "Plant Trees Through Your Soil Bank Conservation Reserve Program;" PA-358, "Ways to Use the Conservation Reserve;" PA-361, "Wildlife in the Conservation Reserve;" and PA-379, "The Conservation Reserve of the Soil Bank for 1959." The Office produced a brief fact sheet, "How a Farmer Participates in the 1959 Conservation Reserve," for press, radio, and television representatives.

Radio and Television Activities. The Department works with the National Association of Broadcasters and the National Association of Television and Radio Farm Directors in planning and developing materials on USDA programs and activities that would reach the largest radio and television audiences and be of most benefit to agriculture. Broadcast outlets in the United States continued to increase with a total of 3,796 radio stations and 556 television stations on the air on June 30, 1958. More than 98 percent of the homes in the United States have radio receivers in working order, and more than 80 percent have television receivers. Nearly 70 percent of the farm homes have television receivers.

Network Activities. The Department continues its cooperation with the National Broadcasting Company in the production of The National Farm and Home Hour, with USDA Headlines originating in Washington, a special Department feature approximately every other week, and USDA market news supplied on each program. The Department also cooperates with the American Broadcasting Network in the production of the American Farmer program each week. Since early 1954, the planning and gathering of material for this program has been done entirely by the Office of Information staff. The Department, through the Office of Information, continues cooperation with television networks in the production of programs featuring USDA officials and special activities.

Services to Individual Stations. The weekly RFD Letter to farm broadcasters was continued to provide news and background material for persons in broadcasting and related fields. A tabular summary of some of the most popular services shows a steady increase in requests from individual stations:

	1957	1958
Duplicates for RFDs from tape library.....	520	1,125
AGRI-TAPE Service (new): Users.....	--	85
Stations carrying.	--	370
Farmer TV Package (average requests per pkg.)	95	125
Consumer TV Package (average request per pkg.)	265	250-300

Recording Tape Service. The Office has initiated an inexpensive but highly effective service to radio stations through a weekly package of tape recorded interviews, statements, and Department news, called AGRI-TAPE. Totalling about 15 minutes, this tape is mailed upon request to an average of 85 users, who return the tapes for reuse. Many of these tapes go directly to radio stations who broadcast portions or all of the contents on farm programs, land-grant colleges, State extension offices, State farm organization offices, or others who service multiple stations. AGRI-TAPE is being heard on approximately 370 radio stations each week. Total cost to the Department is the depreciation of tapes, one-way postage, and the time required in procuring, writing and preparing material, duplicating, and packaging.

Farmer TV Package Service. The regular weekly farmer television package service was continued. TV stations have indicated their desire for more of USDA material than is now available to them. The Beltsville Newsreel continued on a regular basis, including filmed reports from the regional and field laboratories on new industrial uses of farm products.

Consumer TV Package Service. The television packages dealing with consumer information, plentiful food items, and other timely homemaker topics continue with increasing popularity among the directors of women's interest programs.

Review, Preparation, and Distribution of Visual Agricultural Information

The Office continues its efforts to improve the visual information programs of the Department and the services for coordinating, planning, producing, and distributing visual information on USDA programs and activities.

Art and Graphic Services. Leadership continues in the planning and production service in the field of art and design for Department agencies. Emphasis continues on economy in both planning and production resulting in an increased demand for preliminary services especially for publications prior to actual production. Equipment for producing transparencies for overhead projection, both color and black and white, is utilized to supply a more diversified and economical type of visual service. This service permits economical visualizing of lectures and demonstrations at meetings and training programs. Notable examples in which the Art and Graphics Division provided service for overhead projection were assisting the Agricultural Research Service in visualizing the "Effects of Atomic Radiation on the Farm" and the Forest Service in the "Timber Resources Review Program."

There has been a sustained increase in requests for centralized services performed on a reimbursable basis under the Working Capital Fund. During fiscal year 1958, 1,940 jobs were processed as compared with 1,900 during 1957. Examples of cooperation with the agencies on planning and production are:

TIMBER RESOURCES FOR AMERICA'S FUTURE--Assisted the Forest Service in the planning and preparation of this report on the Nation's timber resources. Assistance included consultation, contractual negotiations, and the production of all visuals presented in this report.

FOREIGN FAIRS LITERATURE--In cooperation with the Foreign Agricultural Service, designed several pieces of art intended to advertise American Agriculture at foreign fairs. These materials included "Country Fair Cook Book," an album style booklet in two colors for the London fair, and "Quality Foods for Better Living from the USA," a folder in two colors for the Munich fair.

TELEVISION SERVICE--Increased emphasis on art for TV has resulted in increased requests for planning and production service in this area. Notable examples of this type of service include "Get your Free Food Guide," a one-minute spot in color employing animation promoting the Department's Food for Fitness Program, and a two-minute spot in black and white involving animation to promote the Department's Federal Crop Insurance Program.

PUBLICATIONS SERVICE--In addition to designing the 575 new or revised Department publications received by the Office during fiscal year 1958, the Art and Graphics Division furnished consultation and planning service and produced the visual design for the following agency periodicals: Agricultural Research, Agricultural Marketing, Rural Lines, and Extension Service Review.

Exhibits Activities. The Office continued to provide leadership in planning, coordinating and producing the exhibit materials of the Department. The demand for agricultural exhibit materials continued to increase during the 1958 fiscal year, as shown in the following comparison of data on exhibit production and showings:

	<u>1957</u>	<u>1958</u>
New exhibits produced.....	40	29
Exhibits renovated.....	153	222
3-D visual aids produced.....	41	40
Exhibit unit showings arranged by USDA and State extension services.....	222	250
Exhibit unit showings in D. C. area.....	41	63

Some of the exhibits featured during the year included:

BUILDING FOR TOMORROW--A new soil and water conservation exhibit, first shown at the Southeastern Fair, Atlanta, Georgia, as a feature in the special exhibition of "Georgia Today for Tomorrow."

MOVING SURPLUSES, EXPANDING FOREIGN MARKETS--A new exhibit featured in a special showing at the Oklahoma State Fair.

UTILIZATION RESEARCH exhibits were shown at the "New Methods and New Products Exhibition" held at Boston, Massachusetts. Cooperated with the Department of Commerce on this project.

MARKETING RESEARCH AND UTILIZATION RESEARCH exhibits were shown at the President's Conference for Small Business Administration in Washington D. C. Cooperated with the Small Business Administration on this project.

USDA VETERINARIANS, A TESTED BULL IS A GOOD BUY, ANIMATED MODEL OF SMOKEY BEAR, and a publications feature were shown at the National Western Stock Show, Denver, Colorado.

BRUCELLOSIS exhibit and the USDA publications with the motion picture, AGRICULTURE STORY, were highlighted in the Department's presentation at the Livestock Exposition, Chicago, Illinois.

CONSERVATION exhibits and visual aids were used at the National Boy Scout Jamboree, Valley Forge, Pennsylvania.

NATIONAL ARBORETUM exhibit was featured at the National Flower and Garden Show, Washington, D. C.

Exhibits featured at the 10th Regional 4-H Club Camp at Howard University, Washington, D. C., in cooperation with the Federal Extension Service and the State extension services were EGG FACTORY, WATER FOR GOOD OR EVIL, WOVEN INTO FABRIC OF AMERICAN LIFE, ARE YOU IN THE 4-H PICTURE?, MOWING HELPS PASTURE, and RENOVATING ADDS GRAZING DAYS.

AWARD WINNERS OF SCIENCE FAIRS sponsored by the area school systems of Northern Virginia, Prince George and Montgomery counties of Maryland, and the District of Columbia were presented in four exhibitions in the USDA Patio. These exhibitions were presented in cooperation with the Organization of Professional Employees of the Department of Agriculture.

Motion Picture Activities. The Office continued its cooperative relationships and agreements with the land-grant colleges, universities, and other film libraries in the States and Territories for the distribution of Department films. The production and processing of motion picture films is performed on a reimbursable basis. The total number of films produced during 1958 was slightly higher than the previous year. A comparison follows:

	<u>Films for USDA</u>		<u>Total Film Production</u>	
	<u>1957</u>	<u>1958</u>	<u>1957</u>	<u>1958</u>
Full-length productions				
(15-30 minutes).....	6	10	12	15
Short productions(7-15 min.)	25	18	27	28
TV packages (3-7 minutes)...	24	22	26	26
TV spots (less than 3 min).. Total.....	<u>12</u> 67	<u>19</u> 69	<u>28</u> 93	<u>45</u> 114

Among the motion pictures produced and distributed for the Department during fiscal year 1958 were:

ERADICATING THE KHAPRA BEETLE--The Khapra beetle is the world's worst pest of stored grain. The picture features control measures which require the covering of huge elevators and warehouses with giant plastic tarpaulins and fumigation with methyl bromide gas.

THE JAPANESE BEETLE--The history of the pest is reviewed and its life cycle shown. Federal and State control programs use tested methods of battling the beetle.

WATERSHED WILDFIRE--The Santa Ynez Watershed in California is damaged by a man-caused wildfire. A heroic fight is waged to stop the fire and reseed the area before floods can destroy the watershed.

HIDDEN MENACE--Pests and diseases brought into the United States are already costing the country billions of dollars each year. The film seeks the cooperation of the traveling public in keeping this hidden menace out of the country.

PLUM ISLAND ANIMAL DISEASE LABORATORY--The film is a pictorial tour of the unique nine million dollar laboratory on Plum Island off New York's Long Island coast, built for the study of foot-and-mouth disease. It features the safety measures provided for both animals and men in this all-out effort to eradicate foreign contagious animal diseases.

BACK THE ATTACH ON BRUCELLOSIS--Damage caused by this easily-spread disease, its symptoms, and plans for its control and eventual eradication are reviewed. It features the efforts of a typical county to become "modified certified Brucellosis free."

THERE COMES A TOMORROW--A human interest story of the efforts of a local community to overcome its indifference toward carelessness in forest and woodlot management and become aroused to the need for greater support of the State fire control organization.

Still Photographic Services. Greater emphasis has been placed on co-ordination of still photographic plans of agencies to permit more economical use of photographers' time during field trips for recording USDA programs and results of research activities. There has been a sharp increase in the total negatives and prints produced as shown by the following comparison:

	<u>1957</u>	<u>1958</u>
Negatives produced.....	5,200	9,200
Prints produced.....	115,000	126,000

Approximately 50,000 color slides (2x2) were duplicated during fiscal year 1958. During the same period 9,850 negatives and prints were made on cotton standards.

Picture Series. New picture stories added to the series of photographs showing the activities of the various USDA agencies included:

- No. 105 -- THE BATTLE AGAINST BRUCELLOSIS
- No. 106 -- HOMEMADE JAMS AND JELLIES
- No. 107 -- FIGHTING THE FEVER TICK
- No. 108 -- ATOMS VS THE SCREWORM
- No. 109 -- SEARCHING FOR THE UNKNOWN...ABOUT INSECTS
- No. 110 -- FOOD FOR FITNESS

New picture stories in the Photo Series covering special programs and research work included:

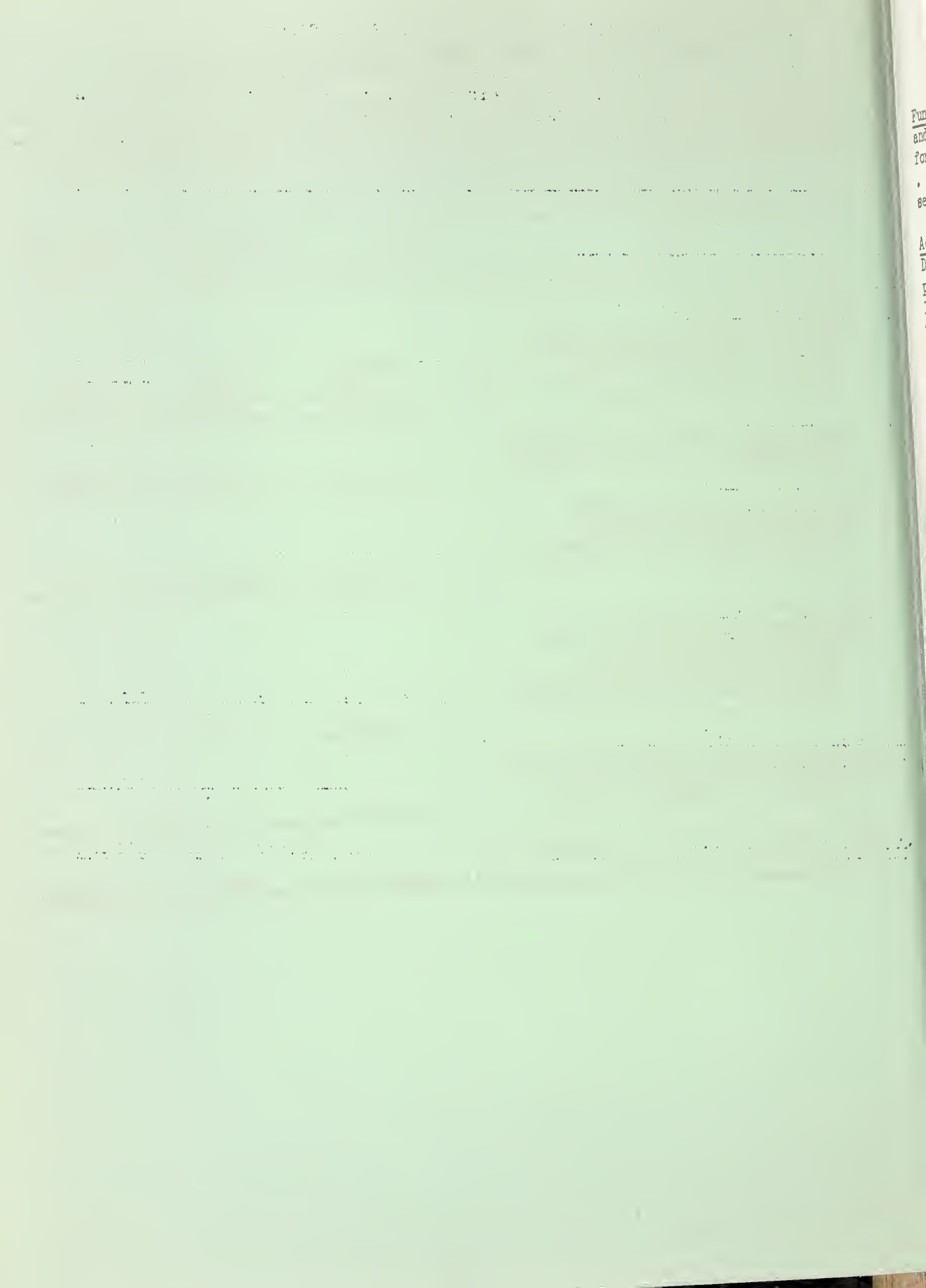
- No. 8 -- PRACTICE BEING APPLIED TO LAND PLACED IN THE
CONSERVATION RESERVE OF THE SOIL BANK
- No. 9 -- GYPSY MOTH CONTROL AND ERADICATION PROGRAM
- No. 10-- LIVESTOCK AUCTION MARKET

Visual Workshop. Although begun in 1953 as a workshop to demonstrate techniques and economy in film making, the annual USDA Visual Workshop, held in January of each year, has broadened to include other visual media. This workshop is designed to show practical and economical use of visuals primarily for USDA field workers, and information specialists in the land-grant colleges and State extension services. It also serves to strengthen the communication ties between the States and the U. S. Department of Agriculture. Programs utilize authorities without reimbursement, from industry, arts, education, and Government, who present new ideas on visual presentations, demonstrate the latest equipment, and the best visual techniques.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1958, were actually received or programmed for 1959 or 1960. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: Obligations, : 1958	: Estimated : Obligations, : 1959	: Estimated : Obligations, : 1960
Allotments from:	:	:	:
<u>Soil Bank Programs, Agriculture</u>	:	:	:
Acreage reserve program	\$12,715	\$13,400	- -
Conservation reserve program	7,520	8,900	\$8,900
Total, Soil Bank Programs	20,235	22,300	8,900
<u>Great Plains Conservation Program,</u>	:	:	:
<u>Agriculture</u>	16,674	20,600	20,600
<u>Allocation from International</u>	:	:	:
<u>Cooperation Administration:</u>	:	:	:
Training services and technical	:	:	:
consultation	18,593	22,596	- -
Trust Funds:	:	:	:
<u>Miscellaneous Contributed Funds,</u>	:	:	:
<u>Department of Agriculture:</u>	:	:	:
Funds deposited by cooperators for	:	:	:
preparation and distribution of	:	:	:
exhibits and motion pictures	3,538	613	- -
<u>Obligations under Reimbursements from</u>	:	:	:
<u>Governmental and Other Sources:</u>	:	:	:
Salaries and expenses	49,065	- -	- -
TOTAL OBLIGATIONS UNDER ALLOTMENTS AND	:	:	:
OTHER FUNDS	108,105	66,109	29,500



LIBRARY

Purpose Statement

Function: The Library, pursuant to the Department's Organic Act of 1862, and under delegation from the Secretary, "procures and preserves all information concerning agriculture which can be obtained by means of books . . .". Under the Act establishing the Department, the Library also serves as the National Agricultural Library.

Activities: The Library makes available to the research workers of the Department and the State agricultural colleges, as well as to the general public, the agricultural knowledge of the world that is contained in published literature. This reduces duplication of effort and avoids wasted time by enabling scientists and administrators to know what has been done previously in their fields. In pursuance of the Organic Act, the Library collects current and historical published material and organizes it for maximum service to the Department and to the public through reference services, loans of publications, bibliographical services, and photo-reproductions of library material. It issues a monthly Bibliography of Agriculture in which is listed the agricultural literature of the world. The book collection approximates 1,150,000 volumes.

Organization: The Library serves as a staff office of the Secretary and in addition has operating responsibilities in the field of library and bibliographical services. There are six specialized field branches serving major field research installations. In addition, five State agencies provide library services to Department employees in designated geographical areas under cooperative agreements.

On November 30, 1958, the Library had 150 employees of whom 137 were in Washington and 13 in the field.

	Estimated Available, <u>1959</u>	Budget Estimate, <u>1960</u>
Appropriation	\$834,600	\$932,600

Salaries and Expenses

Appropriation Act, 1959	\$772,000
Proposed supplemental, 1959, for pay act costs	62,600
Base for 1960	<u>834,600</u>
Budget Estimate, 1960	<u>932,600</u>
Increase	<u>+98,000</u>

SUMMARY OF INCREASES, 1960

To carry out a comprehensive review of the Library collection to eliminate unnecessary material and to provide adequately for preservation of valuable agricultural publications	+88,000
To meet increased costs of land-grant college and university contract services	+10,000

PROJECT STATEMENT

Project	1958	1959 (estimated)	Increase	1960 (estimated)
1. Agricultural library services: <u>a/</u>				
a. General library services	\$528,498	\$550,700	+ \$98,000 (1)	\$648,700
b. Specialized services to research .	272,413	283,900	- -	283,900
Unobligated balance ...	304	- -	- -	- -
Total pay act costs (P.L. 85-462)	[29,455]	[62,600]	[+8,000]	[70,600]
Total available or estimate	801,215	834,600 ^{b/}	+98,000	932,600
Transferred from "Conservation reserve, soil bank programs, Agriculture"	-29,215	- -		
Proposed supplemental due to pay increases	- -	-62,600		
Total appropriation or estimate	772,000	772,000		

a/ Represents obligations. The amount of \$776,022 indicated for 1958 in the 1960 Budget represents applied costs. The difference of \$24,889 reflects, primarily the excess of equipment and bibliographical material ordered in 1958 over such items used in that year.

b/ Includes \$2,213 obligated in 1958 under the advance procurement authorization (Public Law 85-386).

INCREASES

- (1) The increase of \$98,000 is composed of:

(a) An increase of \$88,000 for a comprehensive review of the Library collection to eliminate unnecessary material, and to provide adequately for preservation of valuable agricultural publications.

Need for Increase: Intensive study of the Library by a special Departmental-wide committee coupled with studies of America's scientific library resources at the highest government and scientific levels have focused attention on the Library's responsibilities and its inadequacies. Since the end of World War II funds available to the Library have not been adequate to meet essential needs in the face of rapidly increasing costs. Available funds were used to meet the most pressing needs with primary emphasis placed on furnishing service to the user of the Library. They have not been sufficient for adequate care and preservation of the collection, for replacing missing publications, and for keeping current with the increasing output of scientific literature.

To overcome the serious deficiency in the Department's Library and its service, a carefully planned program has been developed to:

- (1) Inventory and arrange its 1,150,000 publications for most efficient and effective use.
- (2) Eliminate from its collection all unnecessary material.
- (3) Bind the backlog of valuable journals (estimated at 160,000) and other unbound publications.
- (4) Evaluate the collection in the light of present day requirements for scientific agricultural literature.
- (5) Select and acquire old and new scientific publications needed to round out its collection.
- (6) Catalog and record thousands of important publications being received by donation which cannot now be handled.
- (7) Provide through the Bibliography of Agriculture access to the world's output of scientific literature in the fields needed by agricultural workers.
- (8) Provide necessary service to Department staff and other persons or institutions which may require the unique and specialized materials on agriculture and the closely related sciences available in the Library.

The proposed increase for the fiscal year 1960, covers the first phase of a three-year program for the inventory and culling of the collection, together with increased emphasis on binding and selective microfilming of valuable publications.

The necessity for culling the collection and making the inventory is acute. In 1942 the numerous bureau libraries of the Department were centralized, and all publications were physically combined into one large collection. This was a time of national emergency and the centralization was accomplished as a crash program. Bureaus were being rapidly moved from Washington, space was at a premium, and although the need for selectivity and inventory was recognized, the program was deferred until the collection had been combined. Following the initial deferment, however, other demands were made on the Library for service and the inventory was put off on a year-to-year basis.

The proposed intensive program is required to eliminate unneeded duplicate copies, superseded editions, and publications no longer within the Department's field of interest. It will assure that the card catalog corresponds with actual publications in the collection, will increase the efficiency of service to users, provide urgently needed space for the more important publications, and will inventory publications needing replacement.

A backlog of unbound publications has been steadily growing for over thirty years and has now reached a point where a fifth of the total publications in the Library are not bound. Over 160,000 volumes await binding, and this backlog increases at the rate of 5,000 unbound volumes per year. Unbound publications deteriorate rapidly, they are more readily lost, they are costly to shelve, locate, and provide to users, and they are less convenient to use. Numerous issues of early American agricultural journals and farm papers are rapidly deteriorating because of lack of care. Many of them are unique copies whose disappearance would create gaps of great historical importance.

This work will result in increased operating efficiency, improved service, and will begin an orderly restoration of the Library to its position of national responsibility.

Plan of Work: The program for the first comprehensive inventory and selective review of the entire Library collection of books and journals is organized to cover a three-year period. The Library maintains a complete inventory record of all publications in its collection. This is a card catalog which lists the publications in the order in which they are arranged on the shelves. To carry out the inventory the card list will be checked against the publications on the book shelves to determine whether or not they are in the collection and are in their proper places.

Teams of library assistants will perform this operation. Each team will work with a professional librarian who will have the responsibility for reviewing the publications and selecting those

which may properly be discarded from the Library collection. Other clerical assistants will make necessary adjustments on the library records as they are determined by the "teams." Since no inventory and culling work is being done at the present time, a temporary staff will be required for the three-year comprehensive project.

As materials are inventoried and various issues of publications are assembled in complete sets, they can be sent for binding or microfilming with very little additional effort.

- (b) An increase of \$10,000 to meet increased cost of land-grant college and university contract services.

Need for Increase: For the past several years certain land-grant libraries have been providing special library service to USDA field employees on a paid contract basis. Costs at the institutions for providing this service have increased to the point where some land-grant libraries have used their own funds to support the service. In one instance a land-grant library has found it necessary to withdraw from the arrangement because sufficient funds have not been furnished by the U. S. Department of Agriculture Library.

USDA field employees, other than those located at the five utilization research installations, are dependent upon the contracting land-grant libraries for periodical routing, reference, lending and limited bibliographical services. Additional funds will enable the Library to reimburse the land-grant institutions for the costs of these services.

Current Activities: The primary function of the Library is to collect current and historical publications, and organize them for maximum service. It serves as the National Agricultural Library. The Library makes available to the research workers of the Department, agricultural colleges and universities, other research and educational institutions throughout the world, individual farmers, and the general public the agricultural knowledge of the world which is contained in its literature. This is accomplished through three major types of activity:

Technical processes services, including selection, acquisition, classification, cataloging and preparation for use of all books, journals and other publications added to the library collection in Washington and the field;

Bibliographic services, including bibliographic liaison with research and technical personnel, compilation and editing of special bibliographies and provision of an index to the world literature on agriculture through the Bibliography of Agriculture; and

Reference and lending services, including individual reference and lending work, making photoprint or microfilm copies of articles, coordinating these services for field personnel through branch libraries and contract agreements with libraries of agricultural institutions, and preserving and maintaining the nation's and world's heritage of published knowledge in the field of agriculture.

In addition, there are collections of books and journals located at certain field installations. These collections, as well as other needed library facilities and services, are provided by the appropriate agencies of the Department as approved and supervised by the Director of the Library.

These services are coordinated directly with the Librarian of Congress and the Director, National Library of Medicine.

Selected Examples of Recent Progress:

1. Acquisition of publications. A continuous intensive acquisition program has been carried on in an effort to provide the major agricultural publications needed by the Department's workers, research personnel, farmers and the public generally. The collection still lacks essential agricultural information published in foreign countries, as well as many important domestic publications. The aggressive gifts and exchange program resulted in the acquisition of approximately 70 percent of the material received. A tabulation of major acquisition statistics for the past five years and estimates for 1959 and 1960 follows:

Year	Number of Publications received from all sources (gifts, exchanges and purchases)				
	Obligations for publications:	Volumes added to collection:	Number of periodical issues		
			Received	Retained	
1954	\$ 47,839	34,461	594,646	274,695	
1955	45,366	21,451	603,387	275,112	
1956	44,726	25,414	591,791	293,774	
1957	46,288	23,878	578,265	272,537	
1958	46,174	19,767	510,803 ^{a/}	252,547	
1959 Est.	42,000	20,000	481,000	260,000	
1960 Est.	42,000	22,000	450,000	260,000	

a/ Decrease results from a new program for weeding titles and reducing the number of copies of selected titles.

Note: The figures in "Volumes added to collection" exclude the backlog of unprocessed material comprised of approximately 40,000 volumes at the end of 1958 which represents an increase of 11,000 volumes over 1957.

2. Reference and Lending Services. The following statistics indicate small increases in both reference and circulation services.

	1957	1958	Percent of increase (+) or decrease (-)
Volume of loans and circulations:			
Washington	338,412	315,956	-6.6
Field	761,612	803,740	+5.0
Total	1,100,024	1,119,696	+1.5
Reference questions answered:			
Washington	89,009	79,482	-10.7
Field	49,164	59,168	+20.3
Total	138,173	138,650	+ .3

3. Preparing Published Material for Use. During 1958 11,337 titles were classified, cataloged and arranged to make valuable information readily available to Department workers. 252,547 serial publications were recorded and made a part of the collection.

4. Bibliographic Services. 101,351 items were included in the Bibliography of Agriculture during 1958, an increase of 6,661 over the 1957 figure.

There were 44 bibliographies, indexes and lists prepared on specialized subjects such as:

- (a) Index to the literature of American Economic Entomology.
- (b) Selected list of American agricultural books in print and agricultural periodicals.
- (c) List of selected references on small watersheds.
- (d) List of selected references (1907-1955) on rice hulls and rice straw.
- (e) List of selected references (1955-1957) on grading logs and trees for quality.

5. Preservation and Maintenance of the Collection. The Library continues to have its binding done by a small business concern under a waiver issued by the Public Printer. Under the 1958 contract 5,147 volumes were bound for the main library and 1,284 volumes for various field branches.
6. Photocopies in lieu of loans. Photocopies in lieu of loans were supplied on 8,660 loan requests, consisting of 61,290 pages of photoprint and 16,635 pages of microfilm.

OVERALL VOLUME OF WORK STATISTICS
Fiscal Years 1954-1960

	Actual						Estimated
	1954	1955	1956	1957	1958	1959	1960
Titles cataloged	16,295	15,070	15,269	13,391	11,337	12,000	12,000
New cards added to library catalog	85,413	71,519	67,333	64,635	56,865	57,000	57,000
Loan of books or periodicals .	1,145,236	1,148,380	1,170,965	1,097,220	1,119,696	1,116,000	1,116,000
Reference questions answered .	130,677	133,931	141,070	138,162	138,650	139,000	139,000
Serial publications entered ..	274,695	275,112	293,774	272,537	252,547	260,000	260,000
Items indexed in Bibliography of Agriculture	95,670	100,698	97,202	94,690	101,351	102,000	102,000
Volumes bound	9,264	5,893	6,285	6,241	6,431	6,900	8,000
Obligations for books, periodicals, newspapers and other publications	\$ 47,839	\$ 45,366	\$ 44,726	\$ 46,288	\$ 46,174	\$ 42,000	\$ 42,000

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND OTHER FUNDS

(Includes only those amounts which, by November 30, 1958 were actually received or programmed for 1959 or 1960. Since work for other agencies is performed on a service basis, at the request of those agencies and for their benefit, it is not practicable to estimate in advance the amounts to be received in most cases.)

Item	: Obligations, 1958	: Estimated Obligations, 1959	: Estimated Obligations, 1960
Allocations and Working Funds	:	:	:
(Advances from other agencies):	:	:	:
<u>International Cooperation Administration -</u>	:	:	:
For expenses in connection with training activities and technical assistance	\$11,019:	\$11,703:	- -
Obligations Under Reimbursements from	:	:	:
<u>Governmental and Other Sources:</u>	:	:	:
Salaries and expenses:	:	:	:
For bibliographies, and other special library services <u>a/</u>	81,005:	83,500:	\$17,577
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND	:	:	:
OTHER FUNDS	92,024:	95,203:	17,577

a/ In addition to services performed for Federal agencies other than the Department, the Library provides special services required by the Agricultural Research Service in connection with research activities at Beltsville, Maryland and New Orleans, Louisiana. The amount of the reimbursement to the Library by ARS for such services was \$8,081 in 1958, and is estimated at \$8,519 in 1959 and \$9,107 in 1960.



COMMODITY CREDIT CORPORATION

Purpose Statement

Purpose - The Commodity Credit Corporation engages in buying, selling, lending, and other activities with respect to agricultural commodities, their products, food, feeds, and fibers, and for the purpose of stabilizing, supporting, and protecting farm income and prices; assisting in the maintenance of balanced and adequate supplies of such commodities; and facilitating their orderly distribution. The Corporation also makes available materials and facilities required in connection with the production and marketing of such commodities.

Origin - The Commodity Credit Corporation was organized October 17, 1933, under the laws of the State of Delaware, as an agency of the United States. From October 17, 1933 to July 1, 1939 the Corporation was managed and operated in close affiliation with the Reconstruction Finance Corporation. On July 1, 1939 it was transferred to the Department of Agriculture by the President's Reorganization Plan I. Under the Commodity Credit Corporation Charter Act of June 29, 1948 (Public Law 806, 80th Congress), effective July 1, 1948, it was established as an agency and instrumentality of the United States under a permanent Federal charter. The charter was amended by Public Law 85, 81st Congress, approved June 7, 1949.

Management - The Corporation is managed by a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is, ex officio, a director and chairman of the board. The board consists of the Secretary of Agriculture and six other members appointed by the President and confirmed by the Senate. In addition, the Corporation has a bipartisan advisory board of five members appointed by the President to survey the general policies of the Corporation and advise the Secretary with respect thereto.

The Corporation may, with the consent of the agency concerned, utilize facilities of any other agency of the Federal Government. The Corporation, under this authority, makes extensive use of the personnel and facilities of the Commodity Stabilization Service and the Agricultural Stabilization and Conservation State and County Committees in carrying out Corporation activities. In its commodity storage operations the Corporation utilizes the services and fleet facilities of the Maritime Administration, and in its barter and stockpiling operations those of the General Services Administration.

The Corporation also utilizes to the fullest extent practicable the usual and customary channels, facilities, and arrangements of trade and commerce in the conduct of its business. In its lending activities the Corporation uses local banks, cooperatives, and other financial institutions. Commercial storage facilities are used to a great extent in the storage of loan collateral and in the storage of stocks acquired by the Corporation.

Operations - The budget is based on the following types of programs: (1) price support, (2) commodity export, (3) storage facilities, (4) supply and foreign purchase, (5) special milk program, and (6) special activities.

1. Price Support Program - Price-support operations are carried out under the Corporation's charter powers (15 U.S.C. 714), in conformity with the Agricultural Act of 1949 (7 U.S.C. 1421), the Agricultural Act of 1954 (7 U.S.C. 1741) which includes the National Wool Act of 1954, the Agricultural Act of 1956 (7 U.S.C. 1442) the Agricultural Act of 1958, and with respect to certain types of tobacco, in conformity with the Act of July 28, 1945 as amended (7 U.S.C. 1312). Under the Agricultural Act of 1949, price support is mandatory for six basic commodities--corn, cotton, wheat, rice, peanuts, and tobacco--and specific nonbasic commodities, namely tung nuts, honey, milk, butterfat, and the products of milk and butterfat. Under the Agricultural Act of 1958, as producers of corn voted in favor of the new price-support program for corn authorized by that Act, price support is mandatory for barley, oats, rye and grain sorghums. Price support for wool and mohair is mandatory under the National Wool Act of 1954 through the marketing year ending March 31, 1962. Price support for other nonbasic agricultural commodities is discretionary except that whenever the price of either cottonseed or soybeans is supported, the price of the other must be supported at such level as the Secretary determines will cause them to compete on equal terms on the market. This program may also include operations to remove and dispose of or aid in the removal or disposition of surplus agricultural commodities for the purpose of stabilizing prices at levels not in excess of permissible price support levels.

Price support is made available through loans, purchase agreements, purchases, and other operations, and, in the case of wool and mohair, through incentive payments based on marketings. The producer's commodities serve as collateral for price-support loans. With limited exceptions, price-support loans are non-recourse and the Corporation looks only to the pledged or mortgaged collateral for satisfaction of the loan. Purchase agreements generally are available during the same period that loans are available. By signing a purchase agreement, a producer receives an option to sell to the Corporation any quantity of the commodity which he may elect within the maximum specified in the agreement.

Disposition of commodities acquired by the Corporation in its price-support operations is made in compliance with sections 202, 407, and 416 of the Agricultural Act of 1949, and other applicable legislation, particularly the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691), title I of the Agricultural Act of 1954 (7 U.S.C. 1741), title II of the Agricultural Act of 1956, the Agricultural Act of 1958, and the Act of August 19, 1958, in the case of cornmeal and wheat flour. Reimbursement for strategic and critical materials acquired in the Corporation's barter activities which are transferred under title II of the 1956 Act to the supplemental stockpile is obtained by appropriations authorized by that Act. This is described in the estimates under the heading "Special Activities." To the extent that price-support commodities are disposed of for foreign currencies, the furnishing of such commodities for various purposes, and similar operations, such disposals for accounting purposes are treated as price-support program disposals.

As a means of increasing the utilization of dairy products, section 202 of the Agricultural Act of 1949, as amended, authorized a special program to operate through December 31, 1961, under which the Corporation is donating butter, cheese, and dried milk to Veterans' Administration and the armed services upon certification by them that the usual quantities of dairy products have been purchased in the normal channels of trade. The Corporation is also reimbursing these agencies at the rate of \$4.10 per cwt. for purchases of fluid milk made in addition to their usual purchases.

Section 407 of the Agricultural Act of 1949 authorized the Corporation to make available farm products for use in distress areas and in connection with any major disaster determined by the President to warrant assistance under Public Law 875. Under this authority the Corporation has donated stocks of corn, oats, barley and grain sorghums in a manner which enabled stockmen and farmers in drought stricken areas to buy livestock feed at reduced prices.

2. Commodity Export Program - The Corporation promotes the export of agricultural commodities and products through sales, barter, payments and other operations. Such commodities and products may be those held in private trade channels as well as those in CCC inventory. This program is carried out under the authority contained in the Corporation's charter, particularly sections 5 (d) and 5 (f), and in accordance with specific statutes where applicable, such as sections 407 and 416 of the Agricultural Act of 1949, as amended, the International Wheat Agreement Act of 1949 (7 U.S.C. 1641), the Agricultural Trade Development and Assistance Act of 1954, title I of the Agricultural Act of 1954 and title II of the Agricultural Act of 1956. In general, transactions involving foreign currencies are conducted pursuant to the Agricultural Trade Development and Assistance Act of 1954. However, other such transactions may be conducted under the charter authority.

Current obligations under the International Wheat Agreement and Title I of the Agricultural Trade Development and Assistance Act of 1954, are paid by the Corporation subject to reimbursement from appropriations authorized for such purpose:

Currently, in addition to exports under the International Wheat Agreement, CCC wheat is available for export trade under barter programs of CCC at competitive world prices and is also made available to exporters in payment of the price differential between the prevailing world export sales price and the domestic market price which is earned on exports of free market wheat outside the International Wheat Agreement and under this Agreement. Cash payments are made on all exports of wheat flour either under the IWA or outside the agreement.

In order to encourage movement of cotton, corn, barley, grain sorghums, oats, rye and rice from free market supplies into export channels, export payments are made in the form of these commodities from the Corporation's stocks.

Cotton held in the Corporation's inventory is also sold for export on a competitive world price basis. The Corporation also conducts a cotton products export program designed to protect the competitive position of the domestic cotton industry in relation to sales of cotton products manufactured abroad from American cotton purchased at export prices. Equalization payments, based on the raw cotton content in the products exported, are made to exporters on cotton products of upland cotton grown and wholly processed in the United States.

The Corporation also furnishes agricultural commodities and products for distribution or exhibition at international trade fairs to aid in the development of foreign markets for such commodities.

3. Storage Facilities Program - This program is carried out under the authority contained in the Corporation's charter, particularly sections 4 (h), 4 (m), and 5 (a) and (b). The Corporation (a) purchases and maintains (in storage deficient areas) granaries and equipment for care and storage of grain owned or controlled

by the Corporation; (b) makes loans for the construction or expansion of farm storage facilities; (c) provides storage-use guaranties to encourage the construction of commercial storage facilities; and (d) undertakes other operations necessary to provide storage adequate to carry out the Corporation's programs.

4. Supply and Foreign Purchase Program - This program is carried out under the authority contained in the Corporation's charter, particularly sections 5 (b) and (c) thereof. The Corporation procures foods, agricultural commodities, their products, and related materials to supply the requirements of Government agencies, foreign governments, and relief and rehabilitation agencies and to meet domestic requirements. Foods, agricultural commodities, and their products are procured or aid is given in their procurement to facilitate distribution or to meet anticipated requirements during periods of short supply. The Corporation may also, through purchases, loans, or other means, make available materials and facilities required in connection with the production and marketing of agricultural commodities.

Operations involving procurement for other Government agencies are conducted in accordance with section 4 of the Act of July 16, 1943 (15 U.S.C. 713a-9), which requires that the Corporation be fully reimbursed for services performed, losses sustained, operating costs incurred, or commodities purchased or delivered to or on behalf of any other Government agency from the appropriate funds of such agency. Operations not subject to section 4 of such Act may involve losses if such are necessary to the accomplishment of the objects of the particular operation.

5. Special Milk Program - Public Law 85-478, approved July 1, 1958 (72 Stat. 276), authorized the use of not to exceed \$75 million annually through June 30, 1961, of CCC funds to increase the consumption of fluid milk by children in non-profit schools of high-school grade and under and in non-profit nursery schools, child-care centers, settlement houses, summer camps, and similar non-profit institutions devoted to the care and training of children. The Act further provides that amounts spent shall not be considered expended for the purpose of carrying out the price support program.

6. Special Activities - These are carried out under authority of section 5 (g) of the Corporation's charter and specific statutory authorizations or directives with respect thereto which are currently in effect or which may be subsequently enacted.

Current obligations for these activities are paid by the Corporation and except with respect to activities set forth in the following items (11) and (12) (where losses, if any, would be recovered through the general restoration of capital impairment), the Corporation receives reimbursement for costs of these activities through specific appropriations. Details with respect to these reimbursements may be found under the headings, "Reimbursement to CCC for costs of special activities", "Reimbursement to CCC, National Wool Act," the Agricultural Conservation Program Service, and the Soil Bank Program.

Activities currently being carried out are as follows: (1) International Wheat Agreement (7 U.S.C. 1641-1642), (2) Emergency famine relief to friendly peoples (7 U.S.C. 1703, 1721-1724), (3) Sales of surplus agricultural commodities for foreign currencies (7 U.S.C. 1701-1709), (4) Transfer of CCC grain to Interior for migratory waterfowl feed (7 U.S.C. 442-446), (5) Transfers of bartered

materials to supplemental stockpile (7 U.S.C. 1856), (6) Animal disease eradication activities, (7) Grading and classing activities (7 U.S.C. 414a), (8) Soil bank program (7 U.S.C. 1808), (9) National Wool Act (7 U.S.C. 1781-1787), (10) Loans to Secretary of Agriculture for conservation program (7 U.S.C. 1391), (11) Military housing (Public Law 161, 84th Cong.) (5 U.S.C. 171z-1), and (12) Transfer of long-staple cotton from national stockpile for sale by CCC (71 Stat. 290).

Financing - The programs of the Commodity Credit Corporation are financed by capital stock, borrowings, guarantees to purchase notes or other obligations evidencing loans made by lending agencies, appropriations for restoration of capital impairment, appropriations to reimburse the Corporation for costs of special activities, and receipts from operations.

The Corporation has an authorized capital stock of \$100,000,000 held by the United States, and authority to borrow up to \$14,500,000,000.

Funds are borrowed from the Treasury and may also be borrowed from private lending agencies when the Corporation desires to utilize such agencies in carrying out a particular program or financing operation. All bonds, notes, debentures and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury as required by the Act of March 8, 1938 (15 U.S.C. 713a-4). Interest on borrowings from the Treasury (and on capital stock) is paid in accordance with a policy of the Treasury Department that the rate shall be based upon the average interest rate on all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month. In connection with loan guaranties, the Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all loans and other obligations evidencing loans made by lending agencies.

Pursuant to the Act of March 8, 1938, as amended (15 U.S.C. 713a-1), an appraisal of the assets and liabilities of the Corporation is made each year by the Secretary of the Treasury to determine net worth. If the net worth is less than \$100 million, the Secretary of the Treasury restores the amount of capital impairment; if net worth is more than \$100 million the Corporation pays the surplus to the Treasury (15 U.S.C. 713a-2). The appraisal of assets is on the basis of cost to the Corporation. The capital impairment, therefore, represents realized losses.

Receipts from operations include proceeds from sales of commodities, loan repayments, interest income, advances, reimbursements for special activities financed by the Corporation and miscellaneous income, refunds, and collections.

On the basis of the assumptions used in the 1960 Budget presentation, the estimated program requirements currently indicate a possible need for additional borrowing authority late in 1960. However, there are so many uncontrollable factors affecting the programs of the Corporation involving crops which have not even been planted, that estimates of the use of borrowing authority are highly tentative. Should subsequent program and financing activities develop as indicated, it may be necessary to propose a supplemental appropriation in 1960, for restoration of the Corporation's estimated capital impairment as of June 30, 1959.

	<u>Appropriated, 1959</u>	<u>Budget Estimate, 1960</u>
Restoration of capital impairment	\$1,760,399,886	\$1,535,424,413
Administrative expense limitation	35,398,000	45,300,000
Anticipated supplemental for 1959 to provide for (1) increased pay costs and (2) increased workload	4,669,000	- -

COMMODITY CREDIT CORPORATION

Basic Assumptions

The Corporation's budget estimates for 1959 and 1960 are based on the general assumptions that:

- (a) employment, production, and national income will rise moderately both in 1959 and 1960 from the present level;
- (b) prices will change little, on the average, from the present level;
- (c) developments in international relations will not be such as to affect Government civilian programs generally;
- (d) exports of agricultural products generally will be at about the same level as during 1958;
- (e) acreage allotments and marketing quotas will be in effect for the 1959 crops of peanuts, rice, wheat, cotton, and certain kinds of tobacco;
- (f) since corn producers have voted to discontinue corn acreage allotments the support rate will be based on the average price received by farmers during the preceding three calendar years;
- (g) half of the cotton producers will elect to retain their regular acreage allotments and obtain higher price support and the other half will elect to increase their acreage allotment and receive lower price support;
- (h) yields for the 1959 field crops will equal the average yield of the past three years;
- (i) the percentage of estimated production of the 1959 field crops placed under price support will equal the average percentage of the production of the 1955 through 1957 crops actually placed under price support. Wheat, corn, feed grains, rice and cotton are exceptions to the latter assumption. The Corporation's export program, providing for the sale of grains and cotton for export from free markets rather than from Commodity Credit Corporation stocks, is expected to result in less of those commodities being placed under support than would otherwise be the case. The estimates for those commodities as well as soybeans, beans, flaxseed and extra long staple cotton represent the current outlook with respect to the proportion of production to be placed under support.

In considering these estimates, it should be recognized that it is difficult to estimate requirements for the fiscal year ending June 30, 1960. They are dependent upon weather conditions and all other factors affecting volume of production of crops not yet planted in this country and abroad, economic conditions generally, food needs in occupied areas and other foreign countries, availability of dollar exchange, and other complex and unpredictable factors.

Price Support Operations

General Outlook - On the basis of the above assumptions and taking into consideration estimated supply and utilization factors which were calculated individually for each commodity, the estimates reflect an increase in overall volume of price support operations in fiscal year 1960. They indicate in the aggregate that the investment in price support will be increased in both fiscal years 1959 and 1960.

Loans - The Budget Estimates contemplate that loans made will increase from \$2.1 billion in 1958 to \$3.6 in 1959 and decrease to \$2.1 billion in 1960. The estimated increase for 1959 is due principally to record production of most major 1958 crops. The decrease in loans estimated for 1960 reflects primarily anticipated lower yields of the major commodities.

A comparison of the estimated loan activity for each of fiscal years 1959 and 1960 with the actual volume in 1958 is summarized as follows:

<u>Type of Activity</u>	F. Y. 1958 (actual)	F. Y. 1959 (estimated)	F. Y. 1960 (estimated)
	(In million dollars)		
Loans made	\$2,126	\$3,646	\$2,057
Repayments	506	760	485
Loans collateral forfeited and write-offs	2,012	2,149	2,554
Loans outstanding, end of year	1,575	2,312	1,330

Inventories - The Budget Estimates contemplate that the value of price support inventories as of June 30, 1959 will increase about 25% above that of June 30, 1958 and that a 31% increase above the June 30, 1959 level will occur by June 30, 1960. The major net increases in inventory expected to take place during both fiscal years 1959 and 1960 are primarily in corn, wheat, feed grains and soybeans. A comparison of the estimated inventory activity for each of the fiscal years 1959 and 1960 with the actual volume for 1958 is summarized as follows:

<u>Type of Activity</u>	F. Y. 1958 (actual)	F. Y. 1959 (estimated)	F. Y. 1960 (estimated)
	(In million dollars)		
Acquisitions and carrying charges	\$3,543	\$3,766	\$5,402
Dispositions	3,459	2,423	3,106
Inventory at end of year ...	5,455	6,798	9,094

Investment in Price Support - As a result of the loan and inventory activity shown above, it is estimated that the investment in price support - that is, inventories and loans outstanding - as of June 30, 1959 and June 30, 1960, will be about \$9.1 billion and \$10.4 billion, respectively, compared with \$7.0 billion as of June 30, 1958. The previous peak investment amounted to \$8.9 billion on February, 1956.

Commodity Program Summaries - The following summaries describe the price support and other operations which the Corporation anticipates will be required during each of the fiscal years 1959 and 1960 and the basis of such estimates. It should be noted that any variations from the conditions assumed may result in changes in the volume and character of the Corporation's operations, thereby necessitating changes in the program and administrative expense estimates.

PRICE SUPPORT PROGRAM, Basic Commodities

Corn

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1958 crop corn at not more than 90 percent nor less than 75 percent of parity as required by law.

Eligibility: To be eligible for loans or for delivery from warehouse storage under a purchase agreement, corn must be ear or shelled corn produced in 1958 grading No. 3 or better, or No. 4 on test weight only meeting moisture requirements, and sanitation requirements of Food and Drug Administration.

Corn delivered under a purchase agreement from farm storage shall meet the above requirements, except it may grade as low as No. 5 and may bear the special grade "Weevily" in addition to the numerical grade.

Corn that cannot be safely stored on the farm is not eligible for farm-storage loans. Corn produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible.

Eligible participants are 1958 crop corn producers who are in compliance with applicable regulations approved by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans are available from harvest (about August 1, 1958) through May 31, 1959, maturing July 31, 1959 or earlier on demand. In areas where the ASC State Committee determines that corn cannot be safely stored throughout the full storage period, the final date of availability shall be earlier as determined by the committee. The national average level of support in the commercial corn area is \$1.36 a bushel, which reflects 77 percent of parity as of October 1, 1958, the beginning of the marketing year, \$1.06 per bushel for corn produced not in compliance with acreage allotments. The support rate outside the commercial area is 75 percent of the commercial area rate. Loans may be obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans are on a note-and-chattel mortgage basis for farm-stored, and note-and-loan agreement basis for warehouse-stored corn.

Purchase agreements are offered to producers from harvest (about August 1, 1958) through May 31, 1959. A producer desiring to deliver corn under a purchase agreement must declare his intention to sell within a 30-day period ending on July 31, 1959. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement will be the maximum quantity that may be delivered.

Resealing: Reseal loans on 1958-crop corn in farm storage under loan or purchase agreement, extended reseal loans on 1957-crop corn, and re-extended reseal loans on 1956-crop corn are available in areas where there is a shortage of storage space. Eligibility requirements necessary to place the respective crops under price support will apply. Loans will mature July 31, 1960, and producers will be paid storage for the reseal period.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 711-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1441, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860).

BASIS OF ESTIMATE:

Corn: Under provisions of the Agricultural Act of 1958 corn producers voted to discontinue acreage allotments for the 1959 crop and favored a price support program based on 90% of the average price received by farmers during the three calendar years immediately preceding the marketing year 1959. Such support may not be less than 65% of the parity price of corn. Assuming (1) a harvested acreage of 76 million acres, which is 2.8 million acres more than that harvested in the 1958 crop, and (2) a yield per acre of 48.1 bushels (the same as the average of the crop years 1956 through 1958), a production of 3,656 million bushels is estimated for the 1959 crop - about 30 million bushels less than is currently indicated for the 1958 crop.

Should price support extended on the 1959 crop equal 11.7 percent of the production - as is currently anticipated - it is estimated that price support will be obtained on 428 million bushels during the fiscal year 1960 compared with 555.5 million bushels estimated for the fiscal year 1959 and actual price support extended in the fiscal year 1958 on 372.1 million bushels.

Acquisitions of prior year crops during the fiscal year 1960 are estimated at 453 million bushels compared with 299 million bushels anticipated during fiscal year 1959 and actual acquisitions during the fiscal year 1958 of 461 million bushels. Sales activity during fiscal year 1960 is estimated to total 201.8 million bushels compared with 144.7 million bushels anticipated for fiscal year 1959 and actual sales during fiscal year 1958 of 219.1 million bushels. Such sales include payment-in-kind deliveries under the corn export program. On May 12, 1958 the Corporation inaugurated an export program for corn and on July 1, 1958 for other feed grains to encourage movement from free market supplies into export channels. Export payments are made in the form of feed grains from the Corporation's stocks.

Cornmeal: In recent years price support stocks of corn have been exchanged for cornmeal and subsequently donated under the authority of Section 416 of the Agricultural Act of 1949. The Act of August 19, 1958, authorized the Corporation to purchase cornmeal for such purpose in lieu of processing its stocks of corn in quantities not to exceed the equivalent of corn available in its inventories. It is estimated that 840 million pounds valued at \$46.2 million will be donated during the fiscal year 1960 compared with 671.6 million pounds valued at \$39.7 million anticipated during fiscal year 1959 and actual donations during fiscal year 1958 of 394.2 million pounds valued at \$28 million.

PRICE SUPPORT PROGRAM, Basic Commodities

Cotton

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1958-crop upland cotton at not more than 90 percent nor less than 75 percent of parity, and extra long staple cotton at not more than 75 nor less than 60 percent, as required by law.

Eligibility: Eligible commodity is upland cotton produced in the United States in 1958 and extra long staple cotton produced from 1958 plantings in designated areas, of specified grade and staple length, in bales of at least 350 pounds not compressed to high density. Cotton produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible.

Eligible participants are producers of 1958-crop cotton with legal right to pledge it as security for a loan, and acceptable cotton cooperative marketing associations. Producers must comply with applicable regulations prescribed by the Secretary with respect to acreage allotments and marketing quotas.

Operations: Nonrecourse warehouse and farm storage loans are available from about July 1, 1958 through April 30, 1959 on upland cotton in all cotton-producing States, and from August 1, 1958 through April 30, 1959 on: (1) American-Egyptian cotton produced in designated areas of Arizona, California, Texas, and New Mexico; (2) Sealand and Sea Island cotton produced in designated areas of Georgia and Florida; and (3) Sea Island cotton in Puerto Rico. Loans mature July 31, 1959, or earlier on demand.

The average level of support for Middling 7/8-inch upland cotton, gross weight, is 31.23 cents a pound, which reflects 81% of parity as of August 1, 1958 the beginning of the marketing year. The average support price for extra long staple cotton is 53.95 cents a pound (65% of August 1, 1958 parity), with an average of 54 cents for American-Egyptian and 49 cents for Sealand and Sea Island. Premiums and discounts, with appropriate location differentials will apply, except that no location differentials will be established for Sealand and Sea Island cotton.

Loans are made on warehouse-stored cotton covered by producer's note and loan agreements, on farm-stored cotton by notes secured by cotton chattel mortgages, and on cotton covered by bills of lading in areas where there is a shortage of storage space and where arrangements can be made for handling the cotton. Loans may be obtained by producers from financial institutions, or direct from the Corporation, and by cooperative associations direct from the Corporation. All cotton must be classed by a Board of Cotton examiners of the U. S. Department of Agriculture. The classification fee is 25 cents a bale, except that no charge will be made if samples are submitted under the Smith-Doxey Program.

Cotton not redeemed by maturity date will be handled in accordance with loan agreements under which CCC has the right to sell, purchase, or pool the cotton upon maturity and nonpayment of the loans.

Donations: Pursuant to Public Law 85-835 approved August 28, 1958, the Commodity Credit Corporation is authorized, on such terms as the Secretary of Agriculture may approve, to donate cotton acquired through its price support operations to educational institutions for use in training of students in the processing and manufacture of cotton into textiles.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949, as amended by Public Law 85-497, approved July 2, 1958, (7 U. S. C. 1441, 1421-1431); Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860) and Public Law 85-835 approved August 28, 1958.

BASIS OF ESTIMATE:

Upland: For budget purposes, it is assumed that under provisions of the Agricultural Act of 1958 half of the producers of 1959 crop cotton will elect Choice A - to retain their regular acreage allotments and obtain higher price support (not less than 80% of parity) and the other half will elect Choice B - to increase their acreage allotments by not more than 40% and accept lower price support (15% below that of Choice A). Those electing regular allotments (Choice A) will obtain support by means of a purchase program. Assuming (1) that 17.5 million acres of the allotted 19.5 million acres will be harvested and (2) a yield per acre of 422 pounds (the same as the average of the crop years 1956 through 1958) a production of 15.3 million running bales is estimated for the 1959 crop - 3.7 million bales more than is currently indicated for the 1958 crop.

Should price support extended on the 1959 crop equal 47.2% of the production - as is currently anticipated - it is estimated that price support will be obtained on 8.0 million bales of upland cotton during the fiscal year 1960 compared with 6.5 million bales anticipated during the fiscal year 1959 and actual loans made during the fiscal year 1958 on 3.6 million bales.

Acquisitions of prior year loan collateral are estimated at 5.7 million bales during the fiscal year 1960 compared with 2.3 million bales anticipated for the fiscal year 1959 and actual acquisitions during the fiscal year 1958 of 3.7 million bales. During the fiscal year 1960, it is estimated that 6.0 million bales will be purchased under Choice A. Sales are expected to total 4.6 million bales in fiscal year 1960 compared with 3 million bales anticipated for the fiscal year 1959 and actual sales during the fiscal year 1958 of 7.6 million bales. Such sales in the fiscal years 1959 and 1960 include payment-in-kind deliveries of the Corporation's cotton under the cotton export program announced May 2, 1958, in addition to its sales for export on a competitive world price basis.

Extra long staple: Acreage allotments and marketing quotas will be in effect on the 1959-crop of extra long staple cotton. Assuming (1) that 64,500 acres of the allotted 70,822 acres will be harvested and (2) a yield per acre of 524 pounds (the same as the average of the crop years 1956 through 1958), a production of 69,100 running bales is estimated for the 1959 crop - 8,200 bales less than is currently indicated for the 1958 crop.

Should loans on the 1959 crop equal 57.9 percent of the production - as is currently anticipated - it is estimated that loans will be made on 40,000 bales in the fiscal year 1960 compared with a like quantity anticipated for the fiscal year 1959 and actual loans made during the fiscal year 1958 on 42,141 bales.

Acquisitions of prior year loan collateral during the fiscal year 1960 are estimated at 30,000 bales compared with 37,016 anticipated in the fiscal year 1959 and negligible quantities actually acquired in the fiscal year 1958. Sales of 30,000 bales during each of fiscal years 1959 and 1960 are estimated compared with a negligible quantity actually sold during the fiscal year 1958.

PRICE SUPPORT PROGRAM, Basic Commodities

Peanuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1958-crop peanuts at not more than 90% nor less than 75% of parity as required by law.

Eligibility: Eligible commodity is 1958-crop inspected, farmers' stock, quota peanuts suitable for storage and containing not in excess of the percentages of foreign material, damaged kernels, and moisture as established by the President or Executive Vice President, CCC. Peanuts produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956 shall not be eligible.

Eligible participants are producers or grower associations of producers, and shellers. Eligible producers must comply with applicable regulations prescribed by the Secretary with respect to peanut acreage allotments and marketing quotas.

Operations: Nonrecourse loans are available to eligible producers from about August 1, 1958 through January 31, 1959, maturing May 31, 1959. The average level of support is \$213.20 a ton (10.66¢ a lb.), which reflects 80.8% of parity as of August 1, 1958, the beginning of the marketing year. Loans may be obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans are on a note-and-chattel mortgage basis for farm-stored peanuts and note-and-loan agreement basis for warehouse-stored peanuts. CCC may also purchase No. 2 shelled peanuts from commercial shellers from October 1, 1958 to not later than August 31, 1959.

Purchase agreements are offered to producers through January 31, 1959. Producers desiring to sell peanuts to the Corporation under a purchase agreement will have a 30 day period ending on May 31, 1959 during which to declare their intention to sell. The producer will not be obligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly Section 714c thereof; Titles I and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1441, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860).

BASIS OF ESTIMATE:

Acreage allotments and marketing quotas will be in effect on the 1959-crop peanuts. Assuming (1) that 1,470,000 acres of the allotted 1,610,000 acres will be picked and threshed, and (2) a yield per acre 1,119 pounds (which is the same as the average of the crop years 1956 through 1958), a production of 1,645 million pounds is estimated for the 1959 crop - 204 million pounds less than is currently indicated for the 1958 crop.

Should price support extended on the 1959 crop equal 19.6 percent of the production - the average percentage of the production of the 1955 through 1957 crops actually placed under support - it is estimated that price support will be extended on 322 million pounds of farmers' stock peanuts during the fiscal year 1960 compared with 466 million pounds anticipated for the fiscal year 1959 and actual price support extended during the fiscal year 1958 on 245 million pounds.

Acquisitions from loan collateral of farmers' stock peanuts during the fiscal year 1960 are estimated at 268 million pounds compared with 364 million pounds anticipated for the fiscal year 1959 and actual acquisitions during the fiscal year 1958 of 151.5 million pounds. It is anticipated that there will continue to be a No. 2 shelled peanut program for the 1959 crop.

PRICE SUPPORT PROGRAM, Basic Commodities

Rice

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1959-crop rough rice at not more than 90% nor less than 75% of parity as required by law.

Eligibility: Eligible commodity is 1959-crop rough rice other than "mixed rough rice" grading No. 5 or better. Rice produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible.

Eligible participants are producers and cooperative marketing associations of producers of 1959-crop rice who are in compliance with regulations governing eligibility for price support.

Operations: Nonrecourse loans are available from about July 15, 1959 through January 31, 1960 and will mature March 14, 1960, (except that an earlier date may be set in some States) or earlier on demand. The minimum level of support will be \$4.48 per cwt., 75% of parity as of the beginning of the marketing year. Premiums and discounts apply for the various varieties, grades, and milling qualities. Loans may be obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans are made on a note-and-chattel mortgage basis for rice stored on the farm and on a note-and-loan agreement basis when stored in approved warehouses.

Purchase agreements are offered to producers from about July 15, 1959 through January 31, 1960. Producers desiring to sell rice to the Corporation under a purchase agreement will have a 30-day period ending on March 14, 1960 during which to declare their intention to sell. The producer will not be obligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949 as amended (7 U. S. C. 1441, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860). ~~The level of support for the 1959 crop will be not less than 75% of parity.~~

BASIS OF ESTIMATE:

Under provisions of the Agricultural Act of 1958 the current minimum national and State acreage allotments were extended permanently and minimum price support determined on the basis of the supply percentage was discontinued. The level of support for the 1959 crop will be not less than 75% of parity.

Acreage allotments and marketing quotas will be in effect on the 1959-crop rice. Assuming (1) that 1,600,000 acres of the allotted 1,653,000 acres will be harvested and (2) a yield per acre of 31.2 hundredweight (the same as the average of the crop years 1956 through 1958), a production of 50 million hundredweight is estimated for the 1959 crop - 2.3 million hundredweight more than is currently indicated for the 1958 crop.

Should price support extended on the 1959 crop equal 22.0 percent of the production - as is currently anticipated - it is estimated that price support will be obtained on 11 million hundredweight during the fiscal year 1960 compared with 14 million hundredweight anticipated for the fiscal year 1959 and actual price support extended in the fiscal year 1958 on 13.6 million hundredweight.

Acquisitions of rough rice during the fiscal year 1960 are estimated at 5.1 million hundredweight compared with 8.0 million hundredweight anticipated in the fiscal year 1959 and actual acquisitions during the fiscal year 1958 of 11.0 million hundredweight. It is estimated that during the fiscal year 1960 sales of 4.0 million hundredweight of rough rice will be made to millers. During the fiscal year 1959 sales to millers are estimated at 7.3 million hundredweight with repurchases of 3.3 million hundredweight of milled rice compared with actual sales to millers during the fiscal year 1958 of 16.5 million hundredweight and repurchases of 10.1 million hundredweight of milled rice. Most of the milled rice is disposed of through programs under Public Law 480.

Sales in 1959 and 1960 may include payment-in-kind deliveries under the rice export program. However, it is anticipated that such deliveries will be obtained in the form of feed grains rather than rice.

PRICE SUPPORT PROGRAM, Basic Commodities

Tobacco

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1958-crop tobacco as required by law.

Eligibility: Eligible commodity is tobacco of the 1958-crop grown in the United States and in Puerto Rico. Tobacco produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible. Eligible borrowers are growers of eligible tobacco who are in compliance with applicable regulations prescribed by the Secretary with respect to tobacco acreage allotments and marketing quotas. Growers of Pennsylvania Seedleaf Type 41 tobacco will not receive price support on the 1958 crop since they disapproved marketing quotas.

Operations: Nonrecourse loans are offered to cooperators at following levels during the periods indicated and mature on demand:

	Announced minimum average support price a pound	Support level			Loans Available	
		% of Parity	:	Parity as of	:Earliest Date	:Latest Date
Flu-cured	\$.546	90	:	7/1/58	7/1/58	2/28/59
Burley .....	.554	90	:	10/1/58	11/1/58	4/30/59
Fire-cured ...	.388	75 (of	:			
		burley) 1/	:	10/1/58	11/1/58	4/30/59
Dark air-cured and sun-cured	.345	66-2/3 (of	:			
		burley) 1/	:	10/1/58	11/1/58	4/30/59
Maryland .....	.508	90	:	10/1/58	4/1/59	11/15/59
Cigar binder..	.525	90	:	10/1/58	9/1/58	7/31/59
Cigar filler & binder .....	.277	90	:	10/1/58	9/1/58	7/31/59
Puerto Rican .	.312	90	:	10/1/58	2/1/59	9/30/59

1/ But not to exceed the higher of the level of the 1957 crop or 90% of parity.

Loans are made through producer associations or other responsible organizations which act for groups of growers in receiving, handling, and selling their tobacco. Costs incurred incidental to placing loan tobacco in storable condition and overhead costs of the cooperatives are advanced by CCC to the associations and become a part of the principal loan outstanding. No commercial insurance is carried on tobacco collateral. In lieu thereof the Corporation assumes the physical loss or damage on the tobacco and charges the loan account with a collateral fee of 1 1/2 cents a month on each \$100 outstanding on the principal amount of the loan on tobacco stored in Continental United States and 3 cents a \$100 a month on tobacco stored in Puerto Rico.

Under the loan agreements the associations servicing the auction areas bear overhead costs in connection with the loan operation in an amount not less than 12 cents a cwt. and are authorized to pass this charge on to the grower. The charge in cigar-type areas, where the auction system is not used, will be established at a rate proportionate to the relative costs involved in each areas.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 711-711o), particularly section 711c thereof; Titles I and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1141, 1121-1131); Section 2 of the Act of July 28, 1945, as amended by Public Law 85-92, approved July 10, 1957 (7 U. S. C. 1312 note); and Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860).

BASIS OF ESTIMATE:

Acreage allotments and marketing quotas will be in effect on certain types of 1959-crop tobacco. Assuming (1) that 1,202,000 acres of the allotted 1,232,000 acres will be harvested and (2) a yield per acre of 1,559 pounds (the same as the average of the crop years 1956 through 1958) a production of 1,874 million pounds is estimated for the 1959 crop - 77 million pounds more than is currently indicated for the 1958 crop.

Should loans made on the 1959 crop equal 13.2 percent of the production - the average percentage of the production of the 1955 through 1957 crops actually placed under support - it is estimated that loans will be obtained on 247 million pounds during the fiscal year 1960 compared with 170 million pounds anticipated for the fiscal year 1959 and actual loans made during the fiscal year 1958 on 134.6 million pounds.

Redemptions of loans - primarily of prior years' stocks - are estimated at 203.3 million pounds during the fiscal year 1960 compared with 234.4 million pounds anticipated for the fiscal year 1959 and actual repayments of 163.8 million pounds in the fiscal year 1958.

PRICE SUPPORT PROGRAM, Basic Commodities

Wheat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1959-crop wheat at not more than 90 nor less than 75 percent of parity as required by law.

Eligibility: Eligible commodity is wheat produced in the Continental United States in 1959 and shall be (1) any class grading No. 3 or better; or (2) any class grading No. 4 or No. 5 on the factor of "test weight" and/or because of containing "durum" and/or "Red Durum" but otherwise grading No. 3 or better, and meeting sanitation requirements of Food and Drug Administration in a manner determined by the President or Executive Vice President, CCC. Wheat that cannot be safely stored on the farm is not eligible for farm-storage loan. Wheat produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible. Wheat producers in the commercial producing areas must comply with applicable regulations prescribed by the Secretary with respect to wheat acreage allotments and marketing quotas.

Operations: Nonrecourse loans will be available from harvest (about May 15, 1959) through January 31, 1960 and will mature February 28, 1960 in designated States and March 31, 1960 in other States, or earlier on demand. The minimum level of support in the commercial wheat-producing area will be \$1.81 a bushel which is 75 percent of estimated modernized parity as of July 1, 1959. This announced price will not be reduced, but will be increased if necessary because of any increase in parity or decrease in the supply percentage as of July 1, 1959, the beginning of the marketing year.

The level outside the commercial wheat producing area will be 75 percent of that in the commercial wheat-producing area. Loans may be obtained from eligible financial institutions, or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Farm-storage loans will be on a note-and-chattel mortgage basis and warehouse-storage loans on a note-and-loan agreement basis.

Purchase agreements will be offered to producers from about May 15, 1959 through January 31, 1960. A producer desiring to deliver wheat to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date, or on such earlier date as may be determined by the Corporation. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement will be the maximum quantity that may be delivered.

Resealing: Reseal loans on 1958-crop wheat in farm storage under loan or purchase agreement and extended reseal loans on 1957-crop wheat are available in areas where there is a shortage of storage space. Eligibility requirements necessary to place the respective crops under price support will apply. Loans will mature February 28, 1960 in designated States and March 31, 1960 in other States. Producers will be paid storage for the reseal period.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; Titles I and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1441, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860).

BASIS OF ESTIMATE:

Wheat: Acreage allotments and marketing quotas will be in effect on the 1959 crop of wheat. Assuming (1) that the allotted 55 million acres will be harvested and (2) a yield per acre of 22.7 bushels, a production of 1,250 million bushels is estimated for the 1959 crop - 199.5 million bushels less than is currently indicated for the 1958 crop primarily because of more plantings for cover crop rather than for grain. It is estimated that price support will be extended on 429 million bushels during the fiscal year 1960 (about 34.0 percent of the production), compared with 622.5 million bushels (about 43.1 percent of the production) anticipated for the fiscal year 1959, and actual price support extended in the fiscal year 1958 on 276.4 million bushels (about 27.3 percent of the production). The large quantity under support in the fiscal year 1959 results from the high production of the 1958 crop - a new record.

Acquisitions during the fiscal year 1960 are estimated at 370 million bushels, compared with 501.7 million bushels anticipated for the fiscal year 1959, and actual acquisitions in the fiscal year 1958 of 186.9 million bushels. Sales during the fiscal year 1960 are estimated at 159.8 million bushels, compared with 136 million bushels anticipated for the fiscal year 1959, and actual sales in the fiscal year 1958 of 144.3 million bushels. The Corporation's sales policy restricts sales of CCC wheat primarily for payment of the price differential on export sales in wheat instead of cash and for barter programs.

Wheat flour: In recent years, price support stocks of wheat have been exchanged for wheat flour and subsequently disposed of under section 416 of the Agricultural Act of 1949 and for relief requirements under Title II of Public Law 480. The Act of August 19, 1958, authorized the Corporation to purchase wheat flour for such purposes in lieu of processing its stocks of wheat in quantities not to exceed the equivalent of wheat available in its inventories. It is estimated that 1,200 million pounds of flour valued at \$78 million will be donated under Sec. 416 during the fiscal year 1960, compared with 1,186.8 million pounds valued at \$82.9 million anticipated for the fiscal year 1959, and actual donations in the fiscal year 1958 of 1,090 million pounds valued at \$84.3 million. Other dispositions, primarily under Title II of Public Law 480, are estimated at 24.3 million pounds of flour valued at \$1.9 million during the fiscal year 1959 compared with actual dispositions during the fiscal year 1958 of 149.9 million pounds valued at \$11.2 million.

PRCIE SUPPORT PROGRAM, Mandatory Nonbasic Commodities *

Barley

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1958-crop barley as feed grain.

Eligibility: Eligible commodity is barley produced in continental United States in 1958 and grading No. 4 or better or No. 4 Garlicky or better. Barley that ~~cannot~~ be safely stored on the farm is not eligible for farm-storage loan. Barley produced on Federally owned land in violation of restrictive leases, or on newly irrigated drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible. Eligible participants are producers of 1958-crop barley, who are in compliance with any regulation prescribed by the Secretary governing the eligibility for price support.

Operations: Nonrecourse loans are available from about May 15, 1958 through January 31, 1959, and will mature on April 30, 1959 (except that an earlier maturity date may be established for any State by the President or Executive Vice President, CCC) or earlier on demand. The national average support price is 93 cents a bushel, 70 percent of January 15, 1958, parity price for all barley. Loans may be obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans will be made on a note-and-chattel mortgage basis for farm-stored barley and on a note-and-loan agreement basis secured by warehouse receipts for warehouse-stored barley.

Purchase agreements are offered to producers from about May 15, 1958, through January 31, 1959. A producer desiring to deliver barley to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Resealing: Reseal loans on 1958-crop barley in farm storage under loan or purchase agreement and extended reseal loans on 1957 and 1956 crops are available in areas where there is a shortage of storage space. Eligibility requirements necessary to place the respective crops under price support will apply. 1958- and 1957-crop loans will mature April 30, 1960, and 1956-crop loans will mature April 30, 1959. Producers will be paid storage for the reseal period.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949, as amended, (7 U. S. C. 1447-1449, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860).

* As corn producers voted in favor of the new corn program for the 1959 crop, price support is mandatory on the 1959 crop of other feed grains.

BASIS OF ESTIMATE:

Assuming (1) a 1959-crop harvested acreage of 14.0 million acres - .9 million acres less than that harvested in the 1958 crop year, and (2) a yield per acre of 29.8 bushels (the same as the average of the crop years 1956 through 1958), a production of 417.2 million bushels of barley is estimated for the 1959 crop - 49.1 bushels less than is currently indicated for the 1958 crop.

Should price support extended on the 1959 crop equal 19.8 percent of the production, as is currently anticipated, it is estimated that price support will be obtained on 85.1 million bushels during the fiscal year 1960, compared with 106.8 million bushels anticipated for the fiscal year 1959, and actual price support extended in the fiscal year 1958 on 144.8 million bushels.

Acquisitions during the fiscal year 1960 are estimated at 49.1 million bushels, compared with 70.4 million bushels anticipated during the fiscal year 1959, and actual acquisitions in the fiscal year 1958 of 110.0 million bushels. Sales activity during the fiscal year 1960 is estimated to total 23.5 million bushels compared with 22 million bushels anticipated for fiscal year 1959, and actual sales during the fiscal year 1958 of 90 million bushels. Such sales in 1959 and 1960 includes payment-in-kind deliveries under the feed grains export programs.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities

Honey

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price which beekeepers receive for honey at not more than 90 nor less than 60 percent of parity, as required by law.

Eligibility: Eligible participant is any individual, partnership, association, or corporation producing 1958-crop extracted honey.

Eligible commodity is limited to extracted honey of the 1958-crop produced in Continental United States, Hawaii, and Puerto Rico, packed in 60-pound or larger containers, equivalent to or better than U. S. Grade C, and not objectionable in flavor.

Operations: Nonrecourse farm-storage loans and purchase agreements are available from April 1, 1958 through December 31, 1958, and will mature not later than March 31, 1959. Direct purchases are authorized in Hawaii and Puerto Rico.

The national average support price of 9.6 cents a pound reflects approximately 70 percent of parity as of April 1, 1958, the beginning of the marketing year, adjusted to the 60-pound container level.

Loans are made on a note-and-chattel mortgage basis and may be obtained from financial institutions or direct from CCC through the Agricultural Stabilization and Conservation County Committees. Loan rate is determined on the basis of samples from the lot or lots which will be placed under loan. Honey is to be stored in approved storage structures located on or off the producers' premises, excluding public warehouses. Producers are obligated to maintain the structures in good repair and keep honey in good condition.

Purchase agreement deliveries will be accepted within the maximum quantity specified in the agreement.

Contracts on a negotiated or bid basis may be entered into with commercial honey packers for processing or repackaging which may be required either to protect or facilitate the disposition of the commodity.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1446, 1421-1431).

BASIS OF ESTIMATE :

It is estimated that honey production in the marketing year 1959 will be 240 million pounds compared with 255 million pounds estimated for the marketing year 1958 - a decrease of 5.9 percent. This reflects a decrease in the average yield per colony. Imports during 1959 are expected to be at about the same level as in 1958, but somewhat lower than in 1957. With a higher carry-in for the 1959 marketing year, total supplies of 333.5 million pounds are indicated, compared with 324.0 million pounds estimated for the 1958 marketing year and 296.3 million pounds in the 1957 marketing year. Exports during the marketing year 1959 are expected to be at the same level as in the 1958 and 1957 marketing years. Domestic consumption in 1959 is expected to increase to 219 million pounds from the 215.0 million pounds estimated for 1958 and 212 million pounds actually used in 1957.

As a protection against possible marketing difficulties in the marketing year 1959 due to increased carry-in, it is estimated that price support will be extended on 12 million pounds of honey in the fiscal year 1960 compared with 21 million pounds estimated for the fiscal year 1959, and 4.0 million pounds in the fiscal year 1958.

Acquisitions in the fiscal year 1960 are estimated at 5.0 million pounds compared with 7.0 million pounds anticipated during the fiscal year 1959 and only 53 thousand pounds actually acquired in the fiscal year 1958. It is anticipated that most of the acquisitions will be disposed of through export channels.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities

Milk and Butterfat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the general level of prices to producers of milk and butterfat and the products of such commodities from April 1, 1958 to March 31, 1959, as required by law.

Eligibility: Eligible dairy products must be produced and located in the Continental United States and must be in units of not less than tariff minimum carlots for the area where the products are located. The following products are eligible at maximum rates indicated.

Purchase Prices (cents a pound)

Butter (bulk)	<u>U. S. Grade A or higher</u>	<u>U. S. Grade B</u>
New York, N.Y., and Jersey City and Newark, N. J.	58.75	56.75
Seattle, Wash., San Francisco, Calif., and Calif.	58.00	56.00
Chicago, Ill.	57.75	55.75
Conn., R. I., Mass., Vt., N. H., and Maine	58.75	56.75
Ariz., N. Mexico, Texas, La., Miss., Ala., Ga., Fla., and S. C.	57.75	55.75

Packaged

American Cheddar Cheese, U. S.
Grade A or higher, standard
moisture basis

32.75

	<u>Large Containers</u>	<u>Small Containers</u>
Nonfat dry milk, U. S. Extra Grade or higher		
Spray	14.25	13.40
Roller	12.25	11.40

Purchases of butter are on a "basing point" method. Purchase prices at designated markets (New York, Seattle, and San Francisco) and in specified States shall not exceed the prices listed above. The purchase price at other points will be at the price of the designated market named by the seller less 80 percent of the lowest published domestic carlot rail freight rate a pound gross weight from the offer

point to the designated market. Purchase prices were computed to reflect a general level of prices to producers of 75 percent of parity as of April 1, 1958, the beginning of the marketing year, or \$3.06 a cwt. for manufacturing milk testing 3.9 percent and 56.6 cents a pound for butterfat.

Donations under Section 416 to the Administrator of Veterans' Affairs, and to the Secretary of the Army, Navy, Air Force, or Coast Guard and cadets and midshipmen at, and other personnel assigned to, the United States Merchant Marine Academy, are authorized for price supported dairy products (including milk), through December 31, 1961. An allowance by CCC is made for surplus fluid milk purchased by the above agencies at rate of \$4.10 a hundredweight.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; Title II of the Agricultural Act of 1949, as amended (7 U. S. C. 1446).

BASIS OF ESTIMATE:

Milk production in the 1958-59 marketing year is estimated at 126.1 billion pounds, down somewhat from actual production in the 1957-58 marketing year as the sharper than usual decline in the number of cows will be not quite offset by the continued increase in production per cow. The projected increase of half a billion pounds in 1959-60 would be the result of the resumption of the trend of the increase in production per cow more than offsetting the decrease in cow numbers.

Domestic disappearance of milk in all forms in the 1958-59 and 1959-60 marketing years is expected to increase about 2 billion pounds per year, which is about equivalent to the population growth rate. Exports in the 1958-59 marketing year are estimated at about 1.2 billion pounds milk equivalent per year or about two-fifths of the 1957-58 exports. Exports in the 1959-60 marketing year are expected to decline further to .9 billion pounds. These declines are the result mainly of the discontinuance of foreign donations of cheese in August 1958.

Purchases of butter and cheese are estimated at the equivalent of 3.5 billion pounds of milk in fiscal 1959 and 2.9 billion pounds in fiscal 1960 compared with actual purchases of 6.1 billion pounds in fiscal 1958. Purchases of nonfat dry milk are estimated at 765 million pounds per year in fiscal 1959 and 1960 compared with actual purchases of 811 million pounds in fiscal year 1958.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities *

Oats

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1958-crop oats.

Eligibility: Eligible commodity is 1958-crop oats produced in Continental U. S. grading No. 3 or better, or No. 3 Garlicky or better. Oats that cannot be safely stored on the farm are not eligible for farm-storage loan. Oats produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 29, 1956, shall not be eligible. Eligible participants are producers of 1958-crop oats, who are in compliance with any regulations prescribed by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans are available from about May 15, 1958 through January 31, 1959 and will mature on April 30, 1959 (except that an earlier maturity date may be established for any State by the President or Executive Vice President, CCC) or earlier on demand. The national average support price is 61 cents a bushel, reflecting 70 percent of January 15, 1958 parity price for all oats. Loans may be obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans will be made on a note-and-chattel mortgage basis for farm-stored oats and on a note-and-loan agreement basis for warehouse-stored oats secured by warehouse receipts.

Purchase agreements are offered to producers from harvest through January 31, 1959. A producer who elects to deliver oats to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Resealing: Reseal loans on 1958-crop oats in farm storage under loan or purchase agreement and extended reseal loans on 1957 and 1956 crops are available in areas where there is a shortage of storage space. Eligibility requirements necessary to place the respective crops under price support will apply. 1958- and 1957-crop loans will mature April 30, 1960, and 1956-crop loans will mature April 30, 1959. Producers will be paid storage for the reseal period.

* As corn producers voted in favor of the new corn program for the 1959 crop, price support is mandatory on the 1959 crop of the other feed grains.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 711-714o), particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1447-1449, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860).

BASIS OF ESTIMATE:

Assuming (1) a 1959-crop harvested acreage of 34 million acres - about 2.1 million acres more than that harvested in the 1958 crop year - and (2) a yield per acre of 38.8 bushels (the same as the average of the crop years 1956 through 1958), a production of 1,319 million bushels is estimated for the 1959 crop of oats - 100.4 million bushels less than is currently indicated for the 1958 crop.

Should price support extended on the 1959 crop equal 4.8 percent of the production as is currently anticipated, it is estimated that price support will be obtained on 65.3 million bushels in the fiscal year 1960 compared with 80 million bushels anticipated for the fiscal year 1959 and actual price support extended in the fiscal year 1958 on 64 million bushels.

Acquisitions during the fiscal year 1960 are estimated at 49.8 million bushels compared with 58.6 million bushels anticipated for the fiscal year 1959 and actual acquisitions in the fiscal year 1958 of 33.2 million bushels. Sales activity during the fiscal year 1960 is estimated to total 23.5 million bushels compared with 23.2 million bushels anticipated for the fiscal year 1959 and actual sales in the fiscal year 1958 of 28.3 million bushels. Such sales in 1959 and 1960 include payment-in-kind deliveries under the feed grains export program.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities *

Rye

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1958-crop rye.

Eligibility: Eligible commodity is rye produced in Continental U. S. in 1958 and grading No. 2 or better, or grading No. 3 or No. 4 on the factor of test weight only, containing not more than 1 percent ergot. Rye that cannot be safely stored on the farm is not eligible for farm-storage loan. Rye produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible.

Eligible participants are producers of 1958-crop rye, who are in compliance with any regulations prescribed by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans are available from about May 15, 1958 through January 31, 1959 and will mature on April 30, 1959 (except that an earlier maturity date may be established for any State by the President or Executive Vice President, CCC) or earlier on demand. The national average support price will be \$1.10 a bushel which is 70 percent of January 15, 1958 parity price for all rye. Loans may be obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans will be made on a note-and-chattel mortgage basis for farm-stored rye and on a note-and-loan agreement basis secured by warehouse receipts for warehouse-stored rye.

Purchase agreements are offered to producers from harvest through January 31, 1959. A producer desiring to deliver rye to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable loan maturity date. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Resealing: Reseal loans on rye in farm storage under loan or purchase agreement are available in areas where there is a shortage of storage space. Such loans will mature in 1960 on the applicable maturity date, and producers will be paid storage for the reseal period.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1447-1449, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860).

* As corn producers voted in favor of the new corn program for the 1959 crop, price support is mandatory on the 1959 crop of the other feed grains.

BASIS OF ESTIMATE:

Assuming (1) a 1959-crop harvested acreage of 1,800,000 acres - 63,000 acres less than that harvested in the 1958 crop year and (2) a yield per acre of 15.7 bushels (the same as the average of the crop years 1956 through 1958), a production of 28.3 million bushels of rye is estimated for the 1959 crop - 5.8 million bushels less than is currently indicated for the 1958 crop.

Should price support extended on the 1959 crop equal 23.0 percent of the production-as is currently anticipated-it is estimated that price support will be obtained on 6.5 million bushels during the fiscal year 1960 compared with 8.5 million bushels anticipated for the fiscal year 1959 and actual price support extended in the fiscal year 1958 on 7.7 million bushels.

Acquisitions during the fiscal year 1960 are estimated at 5.8 million bushels compared with 7.5 million bushels anticipated for the fiscal year 1959 and actual acquisitions in the fiscal year 1958 of 7.7 million bushels. Sales activity during the fiscal year 1960 is estimated to total 3.0 million bushels compared with 2.8 million bushels anticipated for the fiscal year 1959 and actual sales in the fiscal year 1958 of 5.2 million bushels. Such sales in 1959 and 1960 include payment-in-kind deliveries under the feed grains export program.

PRICE SUPPORT PROGRAM, Mandatory Nonbasic Commodities *

Sorghums, Grain

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1958-crop grain sorghums.

Eligibility: Eligible commodity is grain sorghums produced in Continental United States in 1958, grading No. 4 or better, or No. 4 smutty or discolored or better, and containing not more than 13 percent moisture. Grain sorghums that cannot be safely stored on the farm are not eligible for farm-storage loans. Grain sorghums produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible. Eligible participants are producers of 1958-crop grain sorghums, who are in compliance with any regulation prescribed by the Secretary governing eligibility for price support.

Operations: Nonrecourse loans are available from April 1, 1958, through January 31, 1959, and will mature March 31, 1959 (except that an earlier maturity date may be established in any State by the President or Executive Vice President, CCC) or earlier on demand. The national average support price is \$1.83 a hundredweight, which is 70 percent of January 15, 1958 parity price for all grain sorghums. Loans may be obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Farm-storage loans will be secured by notes and chattel mortgages and warehouse-storage loans will be secured by notes and loan agreements secured by warehouse receipts.

Purchase agreements are offered to producers from April 1, 1958, through January 31, 1959. A producer desiring to deliver grain sorghums to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending March 31, 1959. The producer is not obligated to sell any specified quantity; however, the amount specified in the purchase agreement is the maximum quantity that may be delivered.

Resealing: Reseal loans on 1958- and 1957-crops grain sorghums under loan or purchase agreement are available in areas where there is a shortage of storage space. Eligibility requirements necessary to place the respective crops under price support will apply. 1958-crop loans will mature March 31, 1960, and 1957-crop loans will mature March 31, 1959. Producers will be paid storage for the reseal period.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1447-1449, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860).

* As corn producers voted in favor of the new corn program for the 1959 crop, price support is mandatory on the 1959 crop of the other feed grains.

BASIS OF ESTIMATE:

Assuming (1) a 1959-crop harvested acreage of 15.2 million acres - 1.5 million acres less than that harvested in the 1958 crop year, and (2) a yield per acre of 29.8 bushels - the same as the average of the crop years 1956 through 1958 - a production of 453 million bushels is estimated for the 1959 crop - 154.1 million bushels less than is currently indicated for the 1958 crop.

Should price support extended equal 50.6 percent, as is currently anticipated, it is estimated that price support will be obtained on 229.3 million bushels during the fiscal year 1960 compared with 320.3 million bushels anticipated for the fiscal year 1959 and actual price support extended in the fiscal year 1958 on 293.2 million bushels.

Acquisitions during the fiscal year 1960 are estimated at 180.3 million bushels compared with 287.9 million bushels anticipated for the fiscal year 1959 and actual acquisitions in the fiscal year 1958 of 276.8 million bushels. Sales activity during the fiscal year 1960 is estimated to total 107.3 million bushels compared with 64.8 million bushels anticipated for the fiscal year 1959 and actual sales in the fiscal year 1958 of 41.3 million bushels. Such sales in 1959 and 1960 include payment-in-kind deliveries under the feed grains export program.

PRICE SUPPORT PROGRAM, Mandatory Nonbaisc Commodities

Tung Nuts and Oil

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1958-crop tung nuts at not more than 90 percent nor less than 60 percent of parity as required by law.

Eligibility: Producers of 1958-crop tung nuts. Tung nuts must be matured, air dried with hard hulls and suitable for milling. Tung oil must meet Federal specifications.

Operations: Purchase agreements are available on eligible tung nuts from November 1, 1958 through January 31, 1959. The support level will be \$53.89 per ton, (21¢ per lb.) basis 18.5 percent oil content, (65% of parity as of November 1, 1958, the beginning of the marketing year). The producer may deliver tung nuts or tung oil at his option, so long as the quantity does not exceed the maximum amount of tung nuts, or tung oil equivalent, specified in the purchase agreement. Notice of intention to deliver tung nuts must be made known by producers within a 30-day period ending March 31, 1959, and to deliver tung oil within a 30-day period ending October 31, 1959. Direct purchases of tung nuts and tung oil may be authorized if such purchases are deemed necessary.

Nonrecourse loans and purchase agreements on eligible tung oil are available from November 1, 1958 through June 30, 1959, maturing October 31, 1959, or earlier on demand. The loan and purchase agreement rate is determined on the basis of a formula involving the support level of tung nuts and the milling fee and oil outturn per ton of nuts. Loans are made on a note-and-loan agreement basis with a warehouse receipt constituting the security. Loans may be obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 711-714c), particularly section 714c thereof; and Titles II and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1446, 1421-1431).

BASIS OF ESTIMATE:

It is estimated that the 1959 tung nut crop will amount to about 110,000 tons resulting in an estimated production of 35 million pounds of oil compared with 125,000 tons of nuts and 40 million pounds of oil anticipated for the 1958 crop and 80,000 tons of nuts and 25.5 million pounds of oil produced from the 1957 crop. Total supplies of 86 million pounds are estimated for the 1959 marketing year including imports of 26 million pounds, the quota established by the President's proclamation. Such imports would furnish more than half of the 50 million pounds required for domestic use. The Agricultural Act of 1958 provided that tung nuts shall be supported at not less than 65 percent of parity or any year in which domestic production of tung oil will be less than the anticipated demand for such oil. The previous minimum price support level was 60 percent.

Price support to be extended on the 1959 crop is estimated at 20 million pounds compared with 25 million pounds anticipated for the 1958 crop and 15.2 million pounds actually extended on the 1957 crop.

Acquisitions of the 1959 crop will occur during the fiscal year 1961. Acquisitions of the 1958 crop in fiscal year 1960 are estimated at 20 million pounds compared with acquisitions of 12 million pounds anticipated from the 1957 crop in fiscal year 1959 and 14.9 million pounds actually acquired from the 1956 crop in the fiscal year 1958.

Sales of oil are estimated at 20 million pounds in the fiscal year 1960 compared with 16.6 million pounds anticipated during the fiscal year 1959 and only .3 million pounds actually sold during the fiscal year 1958.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Beans, Dry, Edible

SUMMARY OF LATEST OPERATIONS:

Objective: To support 1958-crop dry edible beans at a level intended to encourage movement of bean stocks into domestic and export channels and at the same time discourage over planting.

Eligibility: Eligible commodity is dry edible beans of the classes: Pea and medium white, Great Northern, small white, flat small white, pink, small red, pinto, red kidney, large lima and baby lima, produced in the United States in 1958, grading number 2 or better and containing not in excess of 18 percent moisture. Beans that cannot be safely stored on the farm are not eligible for farm-storage loan. Beans produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible. Eligible participants are producers or cooperative marketing associations of producers which meet requirements of eligibility established by the President or Executive Vice President, CCC.

Operations: Nonrecourse warehouse stored and farm stored loans are available from harvest (about August 15, 1958) through January 31, 1959, and will mature on February 28, 1959, in the case of beans stored in the States of Michigan, Pennsylvania, and New York; and on April 30, 1959, in all other States. The support prices reflects an average of \$6.18 a 100 pounds or 68 percent of the January 31, 1958, parity for all dry edible beans.

Loans are made on a note-and-chattel mortgage basis on farm-stored beans and on a note-and-loan agreement basis for warehouse-stored beans. Loans may be obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees.

Purchase agreements are offered from harvest through January 31, 1959. A producer who elects to deliver beans to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on the applicable maturity date. The producer is not obligated to sell any specified quantity; however, the quantity specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 711-714o) particularly section 714c thereof; Titles III and IV of the Agricultural Act of 1949, as amended, (7 U. S. C. 1447-1449, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860).

BASIS OF ESTIMATE:

Assuming (1) a 1959-crop harvested acreage of 1,425,000 acres - 90,000 acres less than that harvested in the 1958 crop, and (2) a yield per acre of 12.35 hundredweight (the same as the average of crop years 1956 through 1958), a production of 17.6 hundredweight is estimated for the 1959 crop - 1.1 hundredweight less than is currently indicated for the 1958 crop.

Should price support extended on the 1959 crop equal 25.6 percent of the production - as is currently anticipated - it is estimated that price support will be obtained on 4.5 million hundredweight during the fiscal year 1960 compared with 5.0 million hundredweight anticipated for the fiscal year 1959 and actual price support extended in the fiscal year 1958 on 2.3 million hundredweight.

Acquisitions during the fiscal year 1960 are estimated at 2.7 million hundredweight compared with 3.0 million hundredweight anticipated for the fiscal year 1959 and actual acquisitions during the fiscal year 1958 of only .1 million hundredweight. Sales during the fiscal year 1960 are estimated at 2.2 million hundredweight compared with 1.1 million hundredweight anticipated for the fiscal year 1959 and actual sales in the fiscal year 1958 of .9 million hundredweight.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Cottonseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1958-crop cottonseed to eligible producers at such level as to cause competition on equal terms on the market with soybeans.

Eligibility: Eligible commodity is cottonseed containing not more than 11 percent moisture produced in the United States in 1958 by an eligible producer. Moisture content is not applicable to purchases. Purchases of oil will be made only from mills participating in the program.

Eligible participants are:

- (1) Producers of 1958-crop cottonseed as individuals, partnerships, corporations, associations or other legal entity.
- (2) Participating ginner (those filing notice with County Committee of intention to participate in program).
- (3) Crushers who file notice of intention to participate in the program.

Operations: Loans: Farm-storage non-recourse loans will be made through January 31, 1959, maturing March 1, 1959, or earlier on demand, at \$45.00 a ton for basis grade (100), 65 percent of January 15, 1958, parity. Loans may be obtained direct from CCC through Agricultural Stabilization and Conservation County Committees. Loans will be on note-and-chattel mortgage basis for cottonseed stored in approved structures (on or off farm) provided no warehouse receipts are outstanding.

Purchases: CCC will issue an open offer to purchase cottonseed from producers and participating ginner through February 28, 1959. The purchase rate to ginner will be \$45.00 a ton for basis grade (100) cottonseed, f.o.b. gin, and to producers \$41.00 a ton. Ginner must agree to pay eligible producers not less than the support price. CCC is also authorized to purchase cottonseed oil from crushers in order that producers and participating ginner may receive the prices provided under the program.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; and Titles II, III and IV of the Agricultural Act of 1949 as amended (7 U. S. C. 1446d, 1447-1449, 1421-1431).

BASIS OF ESTIMATE:

The production of cottonseed during the 1959 marketing year is estimated at 6,562,000 tons compared with 4,828,000 tons currently estimated for the 1958 marketing year and an actual production of 4,609,000 tons during 1957. These estimates are in line with estimates of cotton production.

Cottonseed. It is assumed that prices for cottonseed during the 1958 and 1959 marketing years will generally remain above the price support level and only a nominal amount of cottonseed will be placed under loan. It is also expected that all cottonseed will be redeemed within the same fiscal year.

Cottonseed oil. To provide support in areas where market prices fall below support levels, it is estimated that direct purchases of 1.5 million tons of crude cottonseed oil will be made in the fiscal year 1959 and 2.5 million tons in the fiscal year 1960. All cottonseed oil so acquired is expected to be refined and sold through export channels in the same fiscal years.

Cotton linters. During the fiscal year 1958, remaining stocks of 17.5 million pounds of cotton linters were sold.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Flaxseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1958-crop flaxseed at 65 percent of January 31, 1958 parity.

Eligibility: Eligible flaxseed is that produced in 1958 and grading No. 2 or better. Eligible participants are producers of 1958-crop flaxseed.

Operations: Nonrecourse loans are available from about April 1, 1958, through October 31, 1958, in Arizona and California and through January 31, 1959, in all other States. However, other availability dates may be established. The national average support price for flaxseed grading No. 1 will be \$2.78 a bushel, which is 65 percent of the parity price of all flaxseed as of January 31, 1958. Premiums and discounts for quality differences will apply. Loans will mature on January 31, 1959, or earlier on demand in Arizona and California and on March 31, 1959, in all other States. Loans may be obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans will be made on a note-and-chattel mortgage basis for flaxseed stored on the farm and on a note-and-loan agreement basis when stored in an approved public warehouse.

Purchase agreements are available on eligible flaxseed for the same periods and areas as are loans. A producer electing to deliver flaxseed to the Corporation must declare his intention in this regard within a 30-day period ending January 31, 1959, in Arizona and California and ending March 31, 1959, in all other States, or on such earlier dates as may be prescribed by the Corporation. The producer is not obligated to sell any specific quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered.

Direct purchases are authorized from harvest through July 31, 1958, in designated Texas counties where flaxseed produced contains excess moisture and cannot be stored without deterioration.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; and Titles III and IV of the Agricultural Act of 1949 as amended (7 U. S. C. 1447-1449, 1421-1431).

BASIS OF ESTIMATE:

Assuming (1) a 1959-crop harvested acreage of 4.2 million acres 782,000 acres more than that harvested in the 1958 crop year and (2) a yield per acre 8.1 bushels (the same as the average of the crop years 1956 through 1958), a production of 43.0 million bushels is estimated for the 1959 crop - 3.0 million bushels more than is currently indicated for the 1958 crop.

Should price support extended on the 1959 crop equal 36.0 percent of the production - as is currently anticipated - it is estimated that price support will be obtained during the fiscal year 1960 on 15.5 million bushels compared with 18.5 million bushels anticipated for the fiscal year 1959. Price support was extended in the fiscal year 1958 on 4.4 million bushels due to the short 1957 crop which suffered severe losses from disease and heat damage in the major producing areas.

Acquisitions during the fiscal year 1960 are estimated at 11.5 million bushels compared with 13.2 million bushels anticipated during the fiscal year 1959 and actual acquisitions in the fiscal year 1958 of 4.0 million bushels. Sales, primarily for export, are estimated to total 12.2 million bushels during the fiscal year 1960 compared with 9.0 million anticipated for the fiscal year 1959 and actual sales of 14.1 million bushels in the fiscal year 1958.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Naval Stores

SUMMARY OF LATEST OPERATIONS:

Objective: To help maintain adequate supplies and facilitate the orderly distribution of gum naval stores produced in the United States by supporting the level of prices to producers.

Eligibility: Eligible naval stores include (1) processed turpentine meeting prescribed specifications and stored in approved bulk tanks, (2) processed rosin, Federally graded X through K, packed in specified metal drums and placed in approved storage, and (3) the turpentine and rosin content of crude gum stored at processing plants adequately equipped with crude gum storage facilities. Producers may pledge the turpentine and rosin content of stored crude gum, the warehouseman being obligated to process the gum within specified time limits and deliver processed turpentine and rosin equal to or better than the grades and weights on which the loan is based.

Eligible borrowers are producers who are members of the American Turpentine Farmers' Association Cooperative of Valdosta, Georgia, CCC's borrower, and who cooperate in the Department's 1958 Gum Naval Stores Conservation Program, or otherwise follow good forestry conservation practices as determined by the Association on the basis of standards established by State and Federal Forest services.

Operations: Loans are governed by an agreement between CCC and the producer association borrower representing about 95 percent of domestic gum production. Loans are available to eligible producers throughout the producing area during, and on production harvested in, the calendar year 1958 and mature July 1, 1959 or earlier on demand. The support rate a standard barrel of gum processed basis (435 lbs. net) is \$29.04, which reflects 90% of the crude gum parity price, unprocessed basis, as of February 1, 1958. Initial loan rates are 50 cents a bulk gallon of turpentine and \$7.97 a cwt. of gum rosin, basis Grade WG with a premium of 10 cents for Grades X and WW, and a discount of 30 cents for Grades N, M, and K. Producers are required to execute an agreement with the Association containing the terms and conditions upon which the loan is made. The Association enters into agreements with warehousemen and assigns such agreements to CCC. Payment of the loan proceeds to the producer is effected by the warehouseman (acting as agent of the Association) making request therefor upon CCC through the Association. Such payments are made by check directly to producers or their designees by the Atlanta Federal Reserve Bank.

Authority: Commodity Credit Corporation Charter Act (15 U. S. C. 714) and the Agricultural Act of 1949 (7 U. S. C. 1447).

BASIS OF ESTIMATE:

Rosin. Production of all types of rosin during the crop years beginning April 1, 1958 and 1959 is estimated at 1,830,000 and 1,840,000 drums, respectively. This compares with 1,865,000 drums produced in the crop year beginning April 1, 1957. Together with actual carry-in stocks approximating 670,000 drums (and small imports of Mexican rosin), this production will provide a total available supply during the crop year beginning April 1, 1958 of about 2,501,000 drums. This is about 2% less than the supply for the previous year. Supplies for the crop year beginning April 1, 1959 are expected to be slightly less than the previous year thus continuing the downward trend in supply which has been in progress since 1954. This trend reflects continuing reduction in CCC and free stocks and lower output of gum and steam distilled wood rosin. During the crop year beginning April 1, 1958, domestic disappearance and exports are expected to approximate 1,336,000 and 505,000 drums, respectively. This is a reduction, insofar as exports are concerned, from the previous year. However, increases in both domestic consumption and exports are expected in the crop year beginning April 1, 1959.

Since rosin prices are estimated to average somewhat above the loan rates in the 1958 and 1959 crop years, producers are expected to use this program as a medium for carrying their output from the flush to the slack production season in the hope of realizing returns for their crude pine gum. It is estimated that loans will be made on 140,000 drums in the fiscal year 1960 compared with 85,297 drums pledged in the fiscal year 1959 and only 55,007 drums in the fiscal year 1958. Sales are estimated at 69,319 drums in the fiscal year 1960 compared with 30,079 drums anticipated in the fiscal year 1959 and only 1,059 drums actually sold in the fiscal year 1958.

Turpentine. During the crop years beginning April 1, 1958 and 1959, production of all types of turpentine is estimated at 30,850,000 gallons (617,000 barrels of 50 gallons each) and 30,750,000 gallons (615,000 barrels), respectively. These estimates of turpentine output approximate 2% less than production during the crop year beginning April 1, 1957. The basis for the 1958 crop year estimate approximates that stated for rosin. The 1958 production, together with carry-in stocks of 7,555,000 gallons (151,100 barrels) and imports from Mexico of 900,000 gallons (18,000 barrels) during the crop year beginning April 1, 1958 is about 1% or 495,000 gallons (9,900 barrels) less than the actual supply during the previous year. The supply during the crop year beginning April 1, 1959 probably will be about 1% under the estimate for 1958. Little change is likely in domestic consumption or exports during the crop years beginning April 1, 1958 and 1959 as compared with 1957. The decline in requirements for on-the-job thinning of oil base paints because of increased use of competitive paint thinners and water based paints should be offset by increased industrial utilization.

Since turpentine prices are estimated to average above the loan rate in the 1958 and 1959 crop years, producers are expected to use the program as a medium for carrying their output from the high to the low production months. It is estimated that loans will be made on 1.1 million gallons in the fiscal year 1960 compared with 523 thousand gallons in the fiscal year 1959 and 466 thousand gallons in the fiscal year 1958. All loans are expected to be redeemed. Sales are estimated at 328 thousand gallons in the fiscal year 1960 compared with 100 thousand gallons anticipated in the fiscal year 1959 and 119 thousand gallons sold during the fiscal year 1958.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Soybeans

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1958-crop soybeans at such level as to cause competition on equal terms on the market with cotton-seed.

Eligibility: Eligible commodity is soybeans produced in Continental U. S. having moisture content not in excess of 14 percent, grading No. 4 or better on all other factors, and meeting in a manner determined by the President or Executive Vice President, CCC, sanitation requirements of the Food and Drug Administration in effect at time loan is made or delivery made to CCC under purchase agreement. Soybeans that cannot be safely stored on the farm are not eligible for farm-storage loan. Soybeans produced on Federally owned land in violation of restrictive leases, or on newly irrigated, drained, or reclaimed land within any Federal project authorized after May 28, 1956, shall not be eligible. Eligible participants are producers of 1958-crop soybeans.

Operations: Nonrecourse loans are available from harvest (about August 15, 1958) through January 31, 1959, maturing May 31, 1959 (except that an earlier maturity date may be established in any State by the President or Executive Vice President, CCC) or earlier on demand. The national average support price is \$2.09 a bushel, 70 percent of January 15, 1958 parity. Loans may be obtained from financial institutions or direct from the Corporation through the Agricultural Stabilization and Conservation County Committees. Loans are made on a note-and-chattel mortgage basis for soybeans stored in approved farm-storage structures and on a note-and-loan agreement basis secured by warehouse receipts when place of storage is an approved public warehouse.

Purchase agreements are available to producers from harvest through January 31, 1959. A producer desiring to deliver soybeans to the Corporation under a purchase agreement must so declare his intentions within a 30-day period ending May 31, 1959, or on such earlier date as may be determined by the Corporation. A producer is not obligated to deliver any specified quantity of soybeans to CCC; however, the number of bushels specified in the purchase agreement is the maximum quantity which may be delivered.

Resealing: Reseal loans on 1958-crop soybeans in farm-storage under loan or purchase agreement are available in areas where there is a shortage of storage space.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 714-714o), particularly section 714c thereof; Titles II, III and IV of the Agricultural Act of 1949, as amended (7 U. S. C. 1446d, 1447-1449, 1421-1431); and Titles I and II of the Agricultural Act of 1956 (7 U. S. C. 1813, 1860).

BASIS OF ESTIMATE:

Assuming (1) a 1959-crop harvested acreage of 23.5 million acres - 133,000 acres more than is currently indicated for the 1958 crop, and (2) a yield per acre of 23.1 bushels - the same as the average of the crop years 1956 through 1958 - a production of 576 million bushels is estimated for the 1959 crop - 3.4 million bushels more than is currently indicated for the 1958 crop.

Should price support extended on the 1959 crop equal 24.3 percent of the production - as is currently anticipated - it is estimated that price support will be obtained on 140 million bushels during the fiscal year 1960 compared with 160 million bushels anticipated in the fiscal year 1959 and actual price support extended in the fiscal year 1958 on 90.6 million bushels.

Acquisitions during the fiscal year 1960 are estimated at 95 million bushels compared with 98.7 million bushels anticipated for the fiscal year 1959 and actual acquisitions in the fiscal year 1958 of 39.2 million bushels. Sales activity during the fiscal year 1960 is estimated to total 42 million bushels compared with 41 million bushels anticipated for the fiscal year 1959 and actual sales during the fiscal year 1958 of 23.6 million bushels.

PRICE SUPPORT PROGRAM, Barter and Exchange

SUMMARY OF LATEST OPERATIONS:

Objective: To dispose of CCC-owned agricultural commodities by means of barter or exchanges for (1) strategic and critical materials intended for incorporation into the national stockpile and for the supplemental stockpile; (2) non-strategic materials required for supply programs of other Government agencies; (3) materials required for off-shore construction programs; and (4) construction of military housing.

Eligibility: Materials designated as strategic and critical must have been so designated by the Office of Civil and Defense Mobilization or its predecessor, pursuant to Sec. 2 of the Strategic and Critical Materials Stockpiling Act of 1946 (Public Law 520, 79th Congress) and must have been produced abroad. Non-strategic materials acquired are those which other Government agencies require to meet supply and construction program commitments. Such agencies must have designated the kind, quality, schedule of delivery and other conditions involved in the procurement and these agencies, or their Government procurement agent, must have agreed to accept the materials. Strategic materials procured by the Commodity Credit Corporation will be those types of materials designated by OCDM as required to meet short, long term, or supplemental stockpile objectives and be such that the domestic economy will not be adversely affected by the acquisition and such that CCC's assets will be protected and result in savings in carrying charges as compared with cost of carrying surplus agricultural commodities. (Public Law 480, Sec. 303).

Operations: It has been the policy of the CCC to limit consideration of barter offers to those materials required and/or designated by other Government agencies. Consequently, the acquisition of strategic and critical materials has been within OCDM's stockpile objectives both as to types and quantities. Barter procurement of nonstrategic materials has been effected against specific requirements of such materials by other Government agencies primarily for off-shore use. Strategic materials are transferred to (1) the national stockpile for which the Corporation is reimbursed with appropriated funds, and (2) the supplemental stockpile, for which an appropriation is authorized for funds necessary to reimburse the Corporation. In the case of non-strategic materials, the CCC is reimbursed for the materials procured upon delivery to the agency concerned. Proceeds from the export sale of CCC-owned surplus commodities are used by the Department of Defense to construct military housing abroad. The Corporation is reimbursed from appropriations available for the payment of quarters allowances for military personnel and from allotments or rental charges otherwise payable to or collected from personnel occupying the housing.

In a particular barter operation, the exchange value of the transaction is fixed in a contract between the offeror of the materials and the CCC. This exchange value determines quantities to be delivered of both the materials and the agricultural commodities which must be subsequently exported by the contractor. Since the price for the material is also fixed in the contract, the quantity of materials to be delivered is determined at this point. The contract price for materials is the best offer received, not to exceed the current market price, accepted only after full consultation with materials experts of either General Services Administration or other agencies.

In the case of the agricultural commodities, however, the contractor may take whatever commodities are available from CCC inventories at export prices generally applicable for such commodities at any time within the life of the contract, total quantities determined by the exchange value fixed in the contract.

The barter program of the Commodity Credit Corporation operates through private U. S. firms using commercial trade channels, but barter can be effected with foreign Governments where it is not practicable to carry out the barter through private trade channels.

Authority: The Commodity Credit Corporation Charter Act, as amended Section 4 (h) insofar as strategic and critical materials are concerned; Section 5 (f) of this Act insofar as other than strategic materials are concerned; Title III of the Agricultural Trade Development and Assistance Act (7 U.S.C. 1692); Title II of the Agricultural Act of 1956 (7 U.S.C. 1704, 1856); and Public Law 161 (5 U.S.C. 171 z-1).

BASIS OF ESTIMATE:

Barter contracts for strategic and other materials for fiscal years 1959 and 1960 are assumed to be only for the supplemental stockpile in the amounts of \$150 million and \$250 million respectively. Estimated deliveries of strategic materials under these and previous contracts are valued at \$175,840,000 for the fiscal year 1959. For fiscal year 1960 it is estimated that \$240,385,000 will be delivered under these contracts. Acquisitions for other Government agencies in the fiscal years 1959 and 1960 are estimated at \$4,570,000 and \$2,560,000 respectively.

It is estimated that CCC will receive \$7.4 million for materials sold to the national stockpile or other Government agencies during the fiscal year 1960 compared with \$16.0 million anticipated for the fiscal year 1959 and actual sales of \$27.4 million during the fiscal year 1958.

PRICE SUPPORT PROGRAM, Emergency Feed Program

SUMMARY OF LATEST OPERATIONS:

Objective: To provide feeds through regular trade channels at reduced prices to distressed farmers and ranchers in designated disaster areas who maintain foundation herds.

Eligibility: Surplus feed grains (corn, grain sorghums, oats and barley), so designated because of extensive CCC holdings.

Recipients are farmers and ranchers of declared disaster areas who meet eligibility standards approved by Agricultural Stabilization and Conservation County Committees or, in certain circumstances, by the Executive Vice President, CCC.

Eligible feed dealers are persons engaged in selling designated surplus feed grains or approved mixed feeds who have signed standard agreements with ASC county offices and who have posted performance bonds.

Operations: Emergency feed is available to eligible farmers and ranchers at a reduced cost of \$1.00 a cwt.

A farmer or rancher in a designated county who desires to participate in the program makes application to his local ASC county committee. The farmer or rancher then gets from the committee a "purchase order" indicating the approved quantity of grain he is eligible to buy under the provisions of the program. He buys from a local feed dealer, in effect using his purchase order to pay part of his bill - \$1.00 on each hundredweight. He buys from stocks the dealer has on hand, and at the prevailing local market prices. When dealers are unwilling or unable to participate in this program, surplus stocks of CCC feed grains are made available through ASC county offices.

The producer obtains the approved quantity of feed grain from his dealer in the form of whole grain or mixed feed. The approved mixed feeds are mixed feed A which must contain at least 75 percent by weight of designated surplus feed grain(s) or mixed Feed B which must contain at least 60 percent by weight of designated surplus feed grain(s) either whole or processed. The mixed feed must be appropriately labelled by the manufacturer, and show the percentage of designated surplus feed grains contained therein.

The dealer must certify delivery of the feed grain to the farmer or rancher and the latter must also certify his receipt of the amount specified. With these requirements met, the dealer then receives from the local county ASC Committee a "dealer's certificate" in terms of dollars. The dealer can use the certificate at face value (good for a period of 120 days from date of issuance) to buy CCC-owned surplus feed grains at the prevailing market price from CSS Commodity Offices or ASC county offices. The Executive Vice President, CCC, may limit the grades and locations of feed grains available for redemption of Dealer's certificates.

Authority: Commodity Credit Corporation Charter Act, as amended
(15 U.S.C. 714-714o); and Sec. 407 of the Agricultural Act of 1949
(7 U.S.C. 1427).

BASIS OF ESTIMATE:

Because of the nature of the program, it is impossible to forecast the extent to which CCC price support stocks will be required for emergency feed assistance. However, for budgetary purposes, it is estimated that 6.0 million bushels of corn, grain sorghums, barley, and oats valued at \$9.7 million will be donated during each of the fiscal years 1959 and 1960 compared with actual donations in the fiscal year 1958 of 3.7 million bushels valued at \$7.1 million.

COMMODITY EXPORT PROGRAM

The following summaries cover the major commodity export programs which the Corporation anticipates will be conducted during each of the fiscal years 1959 and 1960 and the bases for such estimates.

Agricultural Products

SUMMARY OF LATEST OPERATIONS:

Objective: To authorize CCC to participate in projects designed to aid in the development of foreign markets for U. S. agricultural commodities and products thereof.

Operations: The Corporation will provide agricultural commodities from CCC stocks or will procure agricultural commodities or products thereof to be used for display purposes at fairs and exhibits in foreign countries which are sponsored, approved, or conducted by the Foreign Agricultural Service or the Commodity Stabilization Service. The cost of each project may not exceed \$60,000. Upon completion of exhibits, commodities may be disposed of through sales for U. S. dollars or foreign currencies, distribution of free samples, donations to charitable institutions in foreign countries, or if practicable, transfer back to the United States.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof.

BASIS OF ESTIMATE:

It is difficult to forecast accurately the extent to which CCC stocks will be used or the quantity and type of other agricultural products which may be purchased for use at foreign trade fairs and exhibits. For budgetary purposes, it is estimated that about \$500,000 worth of purchases of agricultural products for such exhibits will be made during each of the fiscal years 1959 and 1960. Only a nominal amount of dairy products were purchased in the fiscal year 1958 for such use.

COMMODITY EXPORT PROGRAM, Cotton Products Export

SUMMARY OF LATEST OPERATIONS:

Objective: To institute a program designed to protect the competitive position of the domestic cotton industry in relation to sales of cotton products manufactured abroad from American cotton purchased at export prices.

Eligibility: Cotton products manufactured from American upland cotton exported on and after August 1, 1956, in fulfillment of export sales contracts entered into on or after May 21, 1956.

Operations: Equalization payments, based on the raw cotton content in the products exported, are made to United States exporters on cotton products of upland cotton grown and wholly processed in the United States and which have not been previously exported and returned to the United States. For each calendar month the base equalization payment rate will be determined and announced by CCC prior to the beginning of such month. It will be based on the difference, as determined by CCC, between the average price for middling 1 unit cotton in the 14 designated spot markets, converted to average location basis, and the average price at which CCC sells its cotton, basis middling 1 inch at average location, under the cotton export program for that part of the month preceding the announcement of such rate. The rate shall be the same as the preceding month if the change is 0.10 cent or less. Percentages of the base equalization payment rate, reflecting approximate processing loss in converting raw cotton into products, will be applicable for each specified class of cotton products.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof.

BASIS OF ESTIMATE:

It is estimated that equalization payments of \$17.5 million will be made on cotton products representing the equivalent of 525,000 bales of raw cotton during each of the fiscal years 1959 and 1960 compared with payments of \$15.5 million which were made on about 400,000 bales in the fiscal year 1958. There are 13 classes of cotton products and the payment rate for each class is a different percentage of the base equalization rate; therefore the payments can be better estimated on the basis of the raw cotton content of the total of the cotton products which may be exported.

COMMODITY EXPORT PROGRAM, Upland Cotton Export

SUMMARY OF LATEST OPERATIONS:

Objective: To supplement CCC-owned upland cotton export sales by encouraging exports from commercial stocks, in order that the United States may maintain a fair historical share of the world market.

Operations: Commodity Credit Corporation offers direct assistance to commercial exporters of upland cotton by making credit payments redeemable in CCC-owned cotton or, if necessary, in cash. Payments shall be made on commercial exports resulting from sales and consignments at such rate determined by the Executive Vice President as is necessary to obtain our fair share of cotton exports. Cotton acquired through payments-in-kind must be exported. This program became effective as of August 1, 1958.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Title IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1427); and Title II of the Agricultural Act of 1956 (7 U.S.C. 1851, 1853).

BASIS OF ESTIMATE:

It is estimated that in the fiscal year 1960 payments of \$25 million will be made on 1.0 million bales of cotton exported from commercial stocks. This compares with anticipated payments of \$48.8 million in the fiscal year 1959 on 1.5 million bales. The payments will be made in the form of cotton delivered from the Corporation's inventory.

COMMODITY EXPORT PROGRAM, Feed Grain Export

SUMMARY OF LATEST OPERATIONS:

Objective: To encourage commercial export of free market feed grains in order to reduce price support inventories and to strengthen domestic market prices.

Operations: Commodity Credit Corporation offers direct assistance to commercial exporters of feed grains based on the difference between the domestic market price and competitive world price by issuing feed grain payment certificates redeemable only in CCC-owned feed grains. Feed grains thus acquired from CCC must be exported. Availability of CCC-owned feed grains to the grain trade for export is limited to barter and exchanges, sales relieving port congestion, sales requiring CCC credit arrangements, and sales of off-grade grains. Stocks of CCC-owned feed grains will be available for export by other than commercial exporters to meet program requirements for Titles II and III, Public Law 480 donations, and Government to Government sales transactions. This program was effective as of May 12, 1958 for corn and as of July 1, 1958 for barley, oats, rye, and grain sorghums.

Authority: Commodity Credit Corporation Charter Act, as amended, (15 U.S.C. 714-714o), particularly section 714c thereof; Title IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1427); and Title II of the Agricultural Act of 1956 (7 U.S.C. 1851).

BASIS OF ESTIMATE:

Certificates redeemable in CCC commodities valued at $\frac{1}{2}$ million dollars were issued during the fiscal year 1958 for commercial exports of corn. The value of such certificates and the volume of commodities expected to be exported under this program during the fiscal years 1959 and 1960 are estimated as follows:

	1959		1960	
	Quantity Exported (Bu.)	Certificates	Quantity Exported (Bu.)	Certificates
	(M i l l i o n s)			
Barley	44.0	\$8.8	44.0	\$8.8
Corn	169.8	20.4	169.8	20.4
Oats	11.6	2.3	11.0	2.2
Rye	2.6	.8	2.4	.7
Grain sorghums	83.3	15.0	77.3	13.9
Total	311.3	47.3	304.5	46.0

COMMODITY EXPORT PROGRAM -Rice Export

SUMMARY OF LATEST OPERATIONS:

Objective: To encourage commercial export of free market rice in order to reduce price support inventories and to strengthen domestic market prices.

Operations: Commodity Credit Corporation offers direct assistance to commercial exporters of rice based on the difference between the domestic market price and competitive world price by issuing rice payment certificates redeemable only in CCC-owned rice or feed grains. Rice or feed grains thus acquired from CCC must be exported. Availability of CCC-owned rice and feed grains to the grain trade for export is limited to barters and exchanges, sales requiring CCC credit arrangements, and sales of off-grade grains. Stocks of CCC-owned rice and feed grains will be available for export by other than commercial exporters to meet program requirements for Titles II and III, Public Law 480 foreign donations. This program was effective as of December 15, 1958.

Authority: Commodity Credit Corporation Charter Act, as amended. (15 U.S.C. 714-714o), particularly section 714c thereof; Title IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1427); and Title II of the Agricultural Act of 1956 (7 U.S.C. 1851).

BASIS OF ESTIMATE:

It is estimated that in the fiscal year 1960 certificates redeemable in CCC commodities valued at \$24 million will be issued on 8 million hundredweight of commercial exports of rice compared with certificates of \$21 million anticipated to be issued in the fiscal year 1959 on 7 million hundredweight. It is expected that rice certificates will be redeemed primarily in equal quantities of corn and grain sorghums from the Corporation's stocks.

COMMODITY EXPORT PROGRAM, Wheat Export

SUMMARY OF LATEST OPERATIONS:

Objective: To encourage the movement of wheat into export from free market stocks.

Operations: Commodity Credit Corporation offers direct assistance to commercial exporters of wheat and wheat flour based on the difference between the domestic sales price and world export price by issuing wheat payment certificates redeemable only in CCC-owned wheat to wheat exporters and by making cash payments to exporters of wheat flour, including semolina, farina, and bulgur. Exporters will not be eligible for International Wheat Agreement payments. Wheat exported, however, will be eligible for application to any country's guaranteed purchases under the International Wheat Agreement, and for transactions under Title I, Public Law 480. Availability of CCC-owned wheat to the grain trade for export is limited to barters and exchanges, sales of wheat of light test-weight, off grade, or the like category, sales to relieve port congestion, and sales requiring CCC credit arrangements or other terms and conditions which the commercial trade cannot meet.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Title IV of the Agricultural Act of 1949, as amended (7 U.S.C. 1427).

BASIS OF ESTIMATE:

Exports of CCC-owned wheat: It is estimated that in each of the fiscal years 1959 and 1960 sales of CCC-owned wheat outside the International Wheat Agreement will total 9 million bushels at a net cost of \$5.4 million compared with sales of 8.6 million bushels at a net cost of \$4.9 million during the fiscal year 1958.

Wheat export payments: It is estimated that in the fiscal year 1960 certificates redeemable in CCC wheat valued at \$33.6 million will be issued on commercial exports of 61 million bushels of wheat compared with \$30.8 million anticipated during the fiscal year 1959 on 56 million bushels. Actual certificates valued at \$48.4 million were issued in the fiscal year 1958.

Wheat flour export payments: It is estimated that in each of the fiscal years 1959 and 1960 cash payments will be made on commercial exports of 40 million bushels of wheat flour amounting to \$32.0 million compared with actual cash payments of \$31.6 million made in the fiscal year 1958.

COMMODITY EXPORT PROGRAM, Wheat and Wheat Flour Exports Pursuant to the
International Wheat Agreement

SUMMARY OF LATEST OPERATIONS:

Objective: To encourage exportation of wheat and wheat flour to participating importing countries and at the same time exercise the rights, obtain the benefits, and fulfill the obligations of the United States under the International Wheat Agreement.

Eligibility: Importing countries that have approved the International Wheat Agreement are eligible to purchase wheat and wheat flour equivalent produced in the United States at specified prices. The wheat and wheat flour may be sold by the CCC or by commercial exporters.

Operations: The Corporation is authorized to make payments to commercial exporters of domestic wheat and wheat flour processed therefrom in the United States pursuant to sales to participating countries which the Commodity Credit Corporation determines are eligible for entering in the records of the Wheat Council as sales against the United States export quota. The current agreement will expire on July 31, 1959.

The payments are made on the basis of published announcements of the rate for the date or period of sale. Rates are determined on the basis of the relationship between current domestic market prices and current prices equivalent to the International Wheat Agreement basic maximum price of \$2.00 a bushel for No. 1 Manitoba Northern Wheat in bulk at Fort William and Port Arthur. Payments to exporters who export wheat are in the form of CCC-owned wheat. Cash payments will be made for flour, including semolina, farina, and bulgur. Since the exact cost of operations under the Agreement cannot be determined until the end of any fiscal year, the International Wheat Agreement Act of 1949, as amended, authorizes the Corporation to use its general borrowing authority to pay current obligations and then request the Congress to provide funds to reimburse the Corporation for any losses incurred under this program. Pending such reimbursement, the Corporation is authorized to establish the net costs of operations under the Agreement as a receivable.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; and Section 2 of the International Wheat Agreement Act of 1949, as amended, (7 U.S.C. 1641).

BASIS OF ESTIMATE:

The maximum and minimum prices per bushel in the current agreement are \$2.00 and \$1.50 respectively. The payment of 55¢ per bushel estimated for the fiscal year 1959 represents the net difference between the estimated domestic price and the weighted average export selling price under the agreement. Payments for wheat exported under the program are effected through the delivery of wheat from CCC stocks while payments for flour are made in cash. It is estimated that in the fiscal year 1959 payments will be made on commercial exports of 105 million bushels of wheat and flour at a net cost to the Corporation of \$63,875,000, including interest and administrative expenses compared with actual payments under the agreement during the fiscal year 1958 on 105.7 million bushels at a net cost of \$80,800,000.

As the renewal of the agreement beyond July 31, 1959 is currently under consideration, no estimate is included for 1960 activity.

COMMODITY EXPORT PROGRAM, Sales for Foreign Currencies

SUMMARY OF LATEST OPERATIONS:

Objective:

- (a) To make available for sale to domestic exporters for foreign currencies surplus agricultural commodities acquired or to be acquired by the Commodity Credit Corporation in the administration of its price support operations, and to
- (b) Make available funds to finance the sale and exportation of surplus commodities whether from private stocks or from stocks of the CCC.

Such foreign currencies will be used to expand international trade, to encourage economic development, to purchase strategic materials, to pay U. S. obligations abroad, to promote collective strength, and to foster in other ways the foreign policy of the U. S.. Appropriations not to exceed \$6,250,000,000 are authorized to reimburse the CCC for its unrecovered costs covering transactions authorized through December 31, 1959.

Eligibility: Surplus agricultural commodities are defined as any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the U. S., either privately or publicly owned which is or may be reasonably expected to be in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

Operations:

- (1) After a formal agreement has been entered into with a foreign government, the Foreign Agricultural Service will issue to that country, upon its application, purchase authorizations specifying the kinds, approximate quantities, and maximum dollar values of the commodities and the conditions under which purchases may be made. At the same time, FAS issues a public announcement containing details of the authorizations and other information that United States suppliers will need in making sales to the foreign importers. The announcement indicates whether U. S. suppliers will be required to purchase CCC stocks in order to participate.
- (2) U. S. suppliers and foreign importers will then negotiate sales and enter into contracts in which the sales price will be expressed in U. S. dollars.
- (3) Normal commercial procedures, based largely on letters of credit, are followed in carrying out the contracts; (a) Importers pay for commodities in local currency through their local banks; (b) Suppliers are paid in dollars by U. S. banks with which the foreign banks have established dollar letter of credit arrangements; (c) The U. S. banks are

reimbursed by CCC and (d) the foreign currency is deposited to the account of the U. S. Government in accordance with arrangements made between the governments of the United States and the importing country.

CCC will issue contract announcements containing the terms and conditions governing purchase by U. S. Suppliers of commodities from CCC stocks. The announcement also specifies the financial arrangements which must be made in order to purchase the commodities from CCC stocks.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U. S. C. 711-714); and Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U. S. C. 1701-9), Public Law 931, 85th Congress.

BASIS OF ESTIMATE:

Program operations. Based on purchase authorizations issued by the Foreign Agricultural Service pursuant to agreements negotiated with foreign countries for the sale of surplus agricultural commodities for foreign currencies, it is estimated that the Corporation will finance the exportation of commodities at a cost of \$1,050 million in the fiscal year 1960 compared with sales at a cost of \$1,100 million anticipated for the fiscal year 1959, and actual sales in the fiscal year 1958 at a cost of \$1,089 million. Sales from CCC-owned stocks are estimated to total \$346.6 million during the fiscal year 1960, compared with \$301.4 million anticipated for the fiscal year 1959, and actual sales during the fiscal year 1958 of \$534.3 million. The remainder represents financing by the Commodity Credit Corporation of the sales from privately-owned stocks and ocean freight costs. Authority for this program expires on December 31, 1959. Estimated costs in 1960 are pursuant to authorizations issued prior to December 31, 1959.

Legislation will be proposed to extend the terminal date of title I of Public Law 480 to December 31, 1960, and increase the authorization from \$6.25 billion to \$7.75 billion. It is estimated that this increase of \$1.5 billion in the authorization will result in increased expenditures for the Commodity Credit Corporation of \$50 million in 1960.

Dollars received for foreign currencies. It is estimated that the Corporation will receive \$85.0 million during the fiscal year 1960 for currencies purchased from the Treasury by other Government agencies for authorized reimbursable uses of the foreign currencies compared with \$70.8 million anticipated for the fiscal year 1959 and \$70.2 million actually received in the fiscal year 1958.

Foreign currencies used for military housing. The dollar value of foreign currencies allocated to the Defense Department and used for construction of military housing abroad will be reimbursed directly to the Corporation by the Defense Department in subsequent years from quarters allowances and income received from the rental of such housing. It is estimated that the net value of currencies used during the fiscal year 1960 will amount to \$40.6 million, compared with \$31.4 million anticipated for the fiscal year 1959, and \$17.7 million in the fiscal year 1958. Receipts are estimated at \$3.5 million in 1960 compared with \$2.0 million anticipated in the fiscal year 1959, and actual receipts of \$1.3 million in 1958.

STORAGE FACILITIES PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To provide adequate storage facilities for CCC-owned and producer-owned commodities; to assist producers in financing the construction or purchase of suitable farm-storage facilities; to encourage the construction of needed commercial storage facilities; and to assist producers in financing the purchase of suitable mobile drying equipment to facilitate safe farm storage.

Operations: Bins and granaries were bought by the Corporation on an offer-and-acceptance basis and are located only in areas where it is determined that existing privately-owned storage facilities are not adequate. Depreciation and other costs of maintaining the structures and handling and conditioning grain stored therein are reflected as carrying charges on the commodities stored.

Storage use guarantees were negotiated under agreements with commercial firms, including cooperatives, operating under the Uniform Grain Storage Agreement, who agreed to construct additional storage capacity for grains and oilseeds. Optional plans provided for guarantees of (1) 75% occupancy for a period of 3 years, to be reduced to 40% for the next 2 years; (2) 60% occupancy for 5 years; and (3) 50% occupancy for 6 years. The Corporation fulfills the guarantee, either by actual storage of CCC-owned commodities, or by making a payment. CCC has the option to require warehousemen to reserve space for storage up to the maximum amount of the occupancy guarantee level. The annual rate per bushel for unused space under the guarantee is 75% of the applicable annual area rate under the Uniform Grain Storage Agreement for wheat for the year the occupancy did not reach guarantee level. Applications for new storage agreements were accepted until April 30, 1955 for storage capacity which was to be ready for occupancy by June 1, 1955.

Recourse loans for financing the construction or purchase of farm-storage facilities and mobile drying equipment may be obtained direct from CCC through the Agricultural Stabilization and Conservation County Committees, and, if specifically authorized, from lending agencies loans are for a maximum period of five years on facilities and four years on equipment, payable in equal annual principal payments with interest at the rate of 4% a year on the unpaid balance. The maximum amount to be lent on facilities is 45 cents a bushel of capacity (\$30 a ton of cottonseed capacity) up to 80% of cost, and 75% of delivered cost on equipment. Loans are secured by chattel mortgages. Any past-due, payable or pre-payable installment may be deducted and paid out of any amount due the borrower on any program conducted by the Department of Agriculture.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly sections 714b and c thereof.

BASIS FOR ESTIMATE:

Purchases of bins. While it is difficult to foresee what the storage availability and requirements for the fiscal year 1960 and the remainder of fiscal year 1959 will be, it is estimated, for budgetary purposes, that in 1960, bins of 100 million bushel storage capacity may be purchased for storage deficit areas. A similar estimate is included for the fiscal year 1959 in the event it becomes necessary to purchase bins to provide for large estimated deliveries to CCC of the 1958 crops. In the fiscal year 1958 no purchases of bins were made. As of June 30, 1958, CCC owned bins of 988 million bushels capacity.

It is the general policy to procure emergency storage facilities for the storage of Commodity Credit Corporation owned grain only in those instances where the anticipated take-over (by CCC) of grain under price support programs will be greater than the quantity which can be handled by commercial facilities existing or planned for the immediate future within the area of such anticipated take-over. It is necessary to establish requirements for additional storage facilities early enough to assure the procurement and erection of such facilities in time to be available for the take-over of grain. It is difficult to forecast to any degree of accuracy, the quantities of grain that will be delivered to CCC in any particular area in view of the many counties participating in the price support program and the market and price situation which will exist at the time of such delivery. Since contracts for the purchase and erection of the bins must be executed far in advance of actual needs, subsequent developments in program activity and economic conditions could result in some of the bins proving to be in excess of immediate requirements. In such instances, bins could be moved to other deficit areas, or if not required elsewhere, could be leased to others or remain available for possible future use. Unused space is also maintained in each area to allow for turning and cleaning purposes to minimize loss of grain by spoilage and deterioration.

Storage use guarantees. Space covered by outstanding storage occupancy contracts entered into in prior years totaled 175 million bushels as of June 30, 1958. It is estimated that such agreements will be outstanding on 90 million bushels at the end of the fiscal year 1959 and will decrease to 75 million by June 30, 1960. Payments under such agreements during the fiscal years 1960 and 1959 are estimated at \$100,000, compared with actual payments in the fiscal year 1958 of \$34,977.

Storage facilities and equipment loans. During the fiscal year 1960 it is estimated that loans of \$9.5 million will be made on farm storage facilities having a 35.2 million-bushel capacity compared with anticipated loans in the fiscal year 1959 of \$10.4 million on 38.6 million-bushel capacity and actual loans of \$8.0 million made in the fiscal year 1958 on 30.1 million bushel capacity. Loans to finance the purchase of mobile drying equipment during fiscal year 1960 are estimated to be \$1.7 million compared with \$1.9 million anticipated for the fiscal year 1959 and actual loans made in the fiscal year 1958 of \$1.7 million.

SUPPLY AND FOREIGN PURCHASE PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To procure agricultural commodities in the United States and abroad to meet the needs of United States Government agencies (principally those administering relief programs abroad), cash-paying foreign governments, international relief agencies, and domestic requirements. The production or stockpiling of agricultural commodities under Sections 303 and 304 of the Defense Production Act of 1950 is also carried out under this program.

Operations: Procurement for this program is usually made during peak marketing seasons and is closely coordinated with the price support program to provide the maximum benefit to American agriculture. Transfers to claimants are at prices designed to reimburse the Corporation for all costs incident to carrying out the program.

Generally, purchases are made at the best price obtainable at either an announced price or on an offer-and-acceptance basis in quantities, although purchases may also be made under formal competitive bids.

Purchases for any claimant, other than a Federal Government agency, require (1) a firm requisition or a firm contract from the claimant, and (2) a deposit with the Treasurer, Commodity Credit Corporation, of cash or its equivalent, or other acceptable financial arrangements. Purchases for Federal agencies require a written order constituting a firm obligation. Purchases may be made in advance of firm commitments and prior to deposit of cash only upon specific authorization of the Board of Directors when it is anticipated that no risk of loss is involved. In addition, the Board of Directors may authorize the purchase and stockpiling of commodities in the interest of national security.

The defense production activities include a program to encourage and develop sources of supply of castor beans within the Continental United States and to insure a supply of castor beans, oil, and planting seed for industrial uses and stockpiling in connection with national defense.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof; Act of July 16, 1943 (15 U.S.C. 713a-9); sections 303 and 304 of the Defense Production Act of 1950, as amended (Public Law 774 approved September 8, 1950; Public Law 96 approved July 31, 1951; and Public Law 429 approved June 30, 1952).

BASIS OF ESTIMATE: :

Activities currently being carried on include procurement of commodities for other Government agencies and the maintenance of a small stockpile of castor beans under the Defense Production Act. Total acquisitions and carrying charges are estimated to total \$.5 million during the fiscal year 1960 primarily for foundation seeds and feed compared with \$.6 million in the fiscal year 1959 for similar commodities and actual acquisitions during the fiscal year 1958 of \$2.3 million, of which \$1.9 million represented non-recurring purchases of wheat flour. Sales proceeds during the fiscal year 1960 are estimated to total \$.5 million compared with \$.8 million anticipated for the fiscal year 1959 and actual sales in the fiscal year 1958 of \$2.2 million, representing nonrecurring sales of \$2.0 million of wheat flour.

SPECIAL MILK PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To provide a special milk program for children in the interest of improved nutrition by fostering the consumption of fluid milk.

Operations: For each of the three fiscal years in the period beginning July 1, 1958, and ending June 30, 1961, not to exceed \$75,000,000 of CCC funds shall be used to increase the consumption of fluid milk by children in nonprofit schools of highschool grade and under and in nonprofit child-care institutions. Payments are made through the facilities of the School Lunch Program upon certification of use of additional milk by local schools or institutions. This operation is administered by the Agricultural Marketing Service.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly 714c thereof; and Public Law 85-478, approved July 1, 1958.

BASIS OF ESTIMATE:

It is estimated that in the fiscal years 1959 and 1960 expenditures will amount to \$73.1 and \$73.2 million, respectively, compared with \$66.1 million actually spent in the fiscal year 1958.

UNDISTRIBUTED EXPENSE AND INCOME

SUMMARY OF LATEST OPERATIONS:

There are a number of expenses which are not allocated to a specific program. These include administrative expenses applicable to the limitation, and nonadministrative expenses such as interest on the capital stock of the Corporation and on borrowings from the Treasury, administrative equipment, expenses of the agricultural stabilization and conservation county committees, Federal Reserve Banks and other agencies in connection with the Corporation's programs. Such expenses are partly offset by income from interest on loans and on special programs financed by CCC and other miscellaneous income.

Administrative expenses: These are for the operating staff, including the services of employees of the Commodity Stabilization Service engaged in Commodity Credit Corporation activities, services performed by other agencies of the department, costs of audit, and payments to the General Services Administration for space in the District of Columbia and rent of field office space. Estimates for 1960 include a limitation of \$45,300,000 for costs of administration including a reserve of not less than 7% for contingencies. Administrative expenses will be accounted for on an obligation basis consistent with past practices.

The requested authorization excludes administrative expenses in connection with the supply and foreign purchase program, the wool and mohair program under the National Wool Act of 1954, the International Wheat Agreement, and the sale of long staple cotton transferred from the national stockpile, since it is contemplated that full reimbursement will be received for these expenses. Such reimbursement will be obtained and used in 1960 in the same manner as in previous years.

These reimbursements are generally obtained through a mark-up on invoices evidencing sales, which are credited on the books of the Corporation to an income account which, in turn, is charged with all of the administrative expenses incurred in connection with this program. Balances remaining in the account at the end of any fiscal year are used in succeeding fiscal years to defray administrative expenses incurred in liquidating all phases of this program. The mark-up is established at a rate which is so determined and applied as to provide full reimbursement on an over-all basis for all administrative expenses in connection with the supply and foreign purchase program and takes into account the fact that with respect to particular commodities, sales or operations, the mark-up may be more or less than the exact administrative expenses incurred. The rate of mark-up is adjusted from time to time as conditions warrant.

Nonadministrative expenses. Interest on borrowings from the Treasury is paid in accordance with a policy of the Treasury that the rate shall be based upon the average interest rate on all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month.

The cost of furniture, fixtures and other office equipment used in the conduct of the Corporation's programs is charged to capital funds. The cost of all such property has been capitalized heretofore as assets of the Corporation; however, beginning in the fiscal year 1960, the cost of certain items of property charged to capital funds, which have unit costs of approximately \$50, will not be capitalized. This will reduce the cost of maintaining property records, and is in accordance with Departmental property accountability regulations approved by the Comptroller General (B-48122, dated December 17, 1953).

Expenses in connection with the acquisition, operation, maintenance, improvement, or disposition (including inspection, classing, and grading work performed on a fee basis by Federal employees or Federal-or-State licensed inspectors and work performed on a contract basis by agricultural stabilization and conservation county committees) of property which the Corporation owns or in which it has an interest have been treated as program rather than administrative expenses. Similarly, expenses of other Federal agencies whose services are utilized in the handling of Commodity Credit Corporation property are treated as program expenses. Such expenses include the fleet storage operation of the Maritime Administration conducted intermittently since 1949 and the services rendered by the General Services Administration in connection with the strategic, critical, and other materials acquired by the Corporation. Also included in this category are costs of having work normally performed by CSS in connection with the acquisition, maintenance, and disposition of property of the Corporation or in which it has an interest performed by others on a contract basis when necessary because of major failures of equipment in CSS offices.

BASIS OF ESTIMATE:

Administrative expenses. Expenses applicable to the limitation are estimated at \$41.6 million in the fiscal year 1960, compared with \$39.5 million anticipated for the fiscal year 1959, and actual expenses of \$33.9 million in the fiscal year 1958. The increase in 1959 over 1958 reflects pay cost increases as well as anticipated heavier program volume, while the increase in 1960 reflects the heavier workload of price support operations.

Nonadministrative expenses. During the fiscal year 1960, it is estimated that interest costs of borrowings and capital stock will amount to \$375 million anticipating an average of 3-1/8% per annum compared with \$150 million estimated for the fiscal year 1959 (average rate of 1-1/2%) and actual payments of \$420.9 million in the fiscal year 1958 when the rates ranged from 3-1/2% to 1-3/8%. Offsetting such costs are interest income, primarily from reimbursable programs, and loans amounting to \$37.9 million estimated for 1960, compared with \$49.0 million anticipated for the fiscal year 1959, and actual receipts of \$99.5 million in the fiscal year 1958. The decreases in 1959 and 1960 reflect the reduction in rates mentioned above and the acceleration of the reimbursements to Commodity Credit Corporation for special activities.

It is estimated that expenditures for administrative equipment will amount to \$400,000 in the fiscal year 1960 compared with \$800,000 anticipated in the fiscal year 1959 and \$458,826 actually purchased in the fiscal year 1958. The increase in 1959 over 1958 resulted primarily from a non-recurring purchase of accounting equipment formerly rented.

Other expenses are primarily for expenses of the county agricultural stabilization committees and Federal Reserve Banks. During the fiscal year 1960 such expenses are estimated at \$11.9 million, compared with \$11.3 million anticipated in the fiscal year 1959, and actual costs of \$12.1 million in the fiscal year 1958. The decrease in 1959 below 1958 reflects primarily a reduction of about \$875,000 in lending agency fees which were discontinued with the central handling of the 1958 crop loans, and a reduction of about \$1 million in accounts receivable charged off.

SPECIAL ACTIVITIES, Emergency Famine Relief to Friendly Peoples

SUMMARY OF LATEST OPERATIONS:

Objective: To make available surplus agricultural commodities to the International Cooperation Administration, to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent relief requirements, as authorized by law.

Eligibility: Surplus agricultural commodities from stocks of the Commodity Credit Corporation. Surplus agricultural commodities are defined as any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, which is, or may be reasonably expected to be in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

Such surplus commodities may be transferred (1) to any nation friendly to the United States in order to (a) meet famine or other urgent relief requirements of such nation, and (b) assist them to be independent of trade with the USSR and with nations dominated or controlled by the USSR; (2) to friendly but needy populations without regard to the friendliness of their government; and (3) to assist programs undertaken with friendly governments or through voluntary relief agencies. Transfers should not result in increased availability of such commodities to unfriendly nations.

Operations: Commodity Credit Corporation will make available from its price support inventory such quantities of surplus commodities as the Director of International Cooperation Administration may request through such period as may be necessary to complete programs of assistance undertaken by ICA prior to December 31, 1959.

Commodity Credit Corporation will incur costs of processing, packaging, handling, and transporting such commodities f. o. b. vessel in United States ports as requested by the Director, I.C.A. or to designated ports of entry abroad upon determination of the President, CCC. The Corporation will be reimbursed from subsequent appropriations for its investment in the commodities including processing, packaging, transportation, and handling costs. Funds required for ocean freight costs on commodities delivered under this program as well as on donations under Section 416 Agricultural Act of 1949, may be transferred by the Corporation to the International Cooperation Administration for such purpose. Appropriations for reimbursing the Corporation for this program are limited to \$800,000,000.

Authority: Commodity Credit Corporation Charter Act as amended (15 U.S.C. 714-714o); and Title II of the Agricultural Trade Development and Assistance Act of 1954 as amended by Public Law 931, 85th Congress. (7 U.S.C. 1721-24).

BASIS OF ESTIMATE:

It is estimated that during the fiscal year 1960 the Corporation will furnish from its stocks surplus agricultural commodities valued at \$93.0 million (including ocean freight) for famine and other emergency assistance to friendly peoples, compared with \$103.7 million anticipated for the fiscal year 1959 and \$116.0 million actually furnished in the fiscal year 1958. The 1960 Budget proposes the extension of the authority for this program for one year from its present expiration date of December 31, 1959.

SPECIAL ACTIVITIES, Transfer of CCC Grain to Interior for
Migratory Waterfowl Feed

SUMMARY OF LATEST OPERATIONS:

Objective: To make available wheat, corn, or other grains to the Secretary of the Interior for use in feeding migratory waterfowl, thus preventing crop damage.

Eligibility: Surplus grains acquired through price-support operations.

Operations: The Secretary of the Interior is authorized to requisition from the Commodity Credit Corporation grain in such quantities and subject to such regulations as the Secretary of the Interior determines will most effectively lure migratory waterfowl away from crop depredations and at the same time not expose such waterfowl to shooting over areas to which the waterfowl have been lured. No transfers of grain shall be made by the Corporation after July 3, 1959. The Corporation shall be reimbursed by appropriation for its investment in the grain transferred and by the Secretary of the Interior for packaging and transporting costs.

Authority: Act of July 3, 1956 (7 U.S.C. 443-446).

BASIS OF ESTIMATE:

It is estimated that 400 tons of grain valued at \$35,000 will be transferred to the Fish and Wildlife Service for migratory waterfowl feed in the fiscal year 1959 compared with actual transfers in the fiscal year 1958 of 260 tons valued at \$18,506.

SPECIAL ACTIVITIES, Transfer of Bartered Materials
to Supplemental Stockpile

SUMMARY OF LATEST OPERATIONS:

Objective: To transfer strategic and other materials acquired as a result of barter and exchange of agricultural commodities to the supplemental stockpile.

Operations: Periodically, bartered materials are transferred from CCC inventory to a supplemental United States stockpile established by section 104(b) of the Agricultural Trade Development and Assistance Act of 1954. They may be entered, or withdrawn from warehouse, free of duty. Appropriations to reimburse the Corporation for the value of materials transferred are authorized by the Act. The value of materials shall be the lower of the domestic market price or the Commodity Credit Corporation's investment therein as of date of transfer.

Authority: Title II of the Agricultural Act of 1956 (7 U.S.C. 1704, 1856).

BASIS OF ESTIMATE:

It is estimated that \$225 million of strategic and critical materials acquired in the Corporation's barter program will be transferred to the supplemental stockpile in the fiscal year 1960 compared with \$129 million anticipated in the fiscal year 1959 and actual transfers of \$82,250,335 in the fiscal year 1958.

SPECIAL ACTIVITIES, Animal Disease Eradication Activities

Diseases of Animals and Poultry

SUMMARY OF LATEST OPERATIONS:

Objective: To provide funds for eradication activities under the appropriation "Diseases of Animals and Poultry" as emergency needs arise.

Operations: Upon determination that an emergency threatens the livestock industry of the country, the Secretary of Agriculture is authorized to transfer from other appropriations or funds available to the bureaus, corporations, or agencies of the Department, such sums deemed necessary to alleviate the emergency. Under this authority, transfers of CCC funds not to exceed \$1,000,000 for the vesicular exanthema eradication program for fiscal year 1959 were authorized. Transfers have been made in prior years for the eradication of foot-and-mouth disease in Mexico, and the Corporation has recovered the amounts transferred plus interest.

Authority: Section 5 (g) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c), and the Department of Agriculture and Farm Credit Administration Appropriation Act, 1959 (P. L. 85-459).

BASIS OF ESTIMATE:

Based on availability of funds and the requirements of the Agricultural Research Service under its appropriation "Diseases of animals and poultry," it is estimated that \$1.0 million (plus related pay costs) will be advanced during the fiscal year 1959 for eradication of vesicular exanthema of swine, compared with actual advances in the fiscal year 1958 amounting to \$1.2 million.

No transfers will be made in the fiscal year 1960 as a direct appropriation to the Agricultural Research Service is proposed for financing this program.

SPECIAL ACTIVITIES, Animal Disease Eradication Activities
Eradication of Brucellosis in Cattle

SUMMARY OF LATEST OPERATIONS:

Objective: To provide funds for use in stabilizing the dairy industry and further suppressing and eradicating brucellosis in cattle.

Operations: Through June 30, 1958, the Secretary of Agriculture was authorized to transfer Corporation funds to the Agricultural Research Service to accelerate the brucellosis eradication program. An appropriation will reimburse the Corporation for expenditures under this item for the fiscal year 1958, plus interest. A direct appropriation was made to the Agricultural Research Service in the 1959 fiscal year for the brucellosis eradication program.

Authority: Commodity Credit Corporation Charter Act (15 U. S. C. 714-714o); and Section 204 (e) of the Agricultural Act of 1954, as amended (7 U.S.C. 397).

BASIS OF ESTIMATE:

Based on availability of funds and the requirements of the Agricultural Research Service under its program "animal disease and pest control" included in the appropriation "Salaries and Expenses", \$18.0 million was advanced during the fiscal year 1958 for brucellosis eradication. No advances are authorized for fiscal year 1959.

SPECIAL ACTIVITIES, Grading and Classing Activities

SUMMARY OF LATEST OPERATIONS:

Objective: To provide additional funds for classing cotton and grading tobacco without charge to producers.

Operations: Each year the Agricultural Marketing Service receives an advance of nonadministrative funds of the Corporation to supplement appropriated funds available for grading tobacco and classing cotton without charge to producers. The portion of this amount which is attributed to cost of classing or grading commodities placed under price support is borne by the Corporation. The Corporation is reimbursed (with interest) by subsequent appropriations for the cost of such service for commodities not placed under price support.

Authority: Department of Agriculture Appropriation Acts, 1950 and 1952 (7 U.S.C. 440, 444a).

BASIS OF ESTIMATE:

Based on availability of funds and requirements of the Agricultural Marketing Service under its "Inspection, grading and classing, and standardization" activity included in its appropriation "marketing research and service", it is estimated that net advances during the fiscal year 1960 applicable to commodities not placed under price support will amount to \$1.4 million compared with net advances of \$1.5 million anticipated for the fiscal year 1959 and actual net advances in the fiscal year 1958 of \$1.3 million.

SPECIAL ACTIVITIES, Acreage Reserve and Conservation Reserve Program

SUMMARY OF LATEST OPERATIONS:

Objective: To assist farmers to divert a portion of their cropland from the production of excessive supplies of agricultural commodities, and to carry out a program of soil, water, forest, and wildlife conservation.

Operations: The enabling Act provides for two programs.

1. Acreage Reserve. The Act authorized a program for 4 crop years, 1956 through 1959. However, the 1959 Appropriation Act discontinued the program after the 1958 crop.

Producers are compensated for reducing their acreages of basic commodities through negotiable certificates redeemable either in cash or in CCC-owned grain. The total compensation paid producers for participating in this activity with respect to the 1958 crop may not exceed \$750,000,000.

2. Conservation Reserve. This program is effective for 5 calendar years from 1956 through 1960. Producers are compensated for removing cropland from production and establishing long-range conservation practices through cost-sharing assistance and annual payments. The 1959 Appropriation Act provided that payments to producers should not exceed \$375,000,000 for the 1959 program.

The Act authorizes the Secretary of Agriculture to utilize the facilities of the Corporation in administering the programs, provided CCC has received funds in advance to cover the expenditures. Funds are advanced from Soil Bank appropriations to CCC. Appropriations were provided for the Acreage Reserve and Conservation Reserve Programs beginning with the 1958 fiscal year.

Authority: Soil Bank Act (7 U.S.C. 1801-14, 1821-4(b); 1831-31(d), 1832(a)-32(c), 1833(a)-33(c), 1834(a)-34(b), 1835(a)-(b), 1836, 1837).

BASIS OF ESTIMATE:

Advances from CCC. Based on the requirements of the Secretary of Agriculture \$564,260,963 of funds of the Commodity Credit Corporation were transferred to finance the soil bank program through June 30, 1957. Unused amounts of \$19,247,133 were returned to the Corporation and a supplemental appropriation of \$567,500,000 was received in 1958 under the heading "Reimbursement to Commodity Credit Corporation for costs incurred under soil bank programs" to reimburse the Corporation for net transfers and interest through date of reimbursement.

Advances to CCC. As advances are made to the Corporation they are recorded as obligations against the soil bank program appropriations. Unused advances at the end of each fiscal year remain in the CCC accounts for payment of obligations in the next year. Such unused advances under the conservation reserve program at the end of the fiscal year 1960 are estimated at \$3 million compared with \$4 million anticipated at the end of fiscal year 1959, and actual unused advances of \$39.1 million at the end of fiscal year 1958. In addition to the unused advances, the Corporation had outstanding acreage reserve certificates of prior years of \$64.1 million at the end of the fiscal year 1958 (which are estimated to be liquidated during the fiscal year 1959), compared with \$170.2 million of certificates outstanding at the end of fiscal year 1957 (which were liquidated in the fiscal year 1958). No such certificates are estimated to be outstanding June 30, 1960, as the acreage reserve program is anticipated to be liquidated by that time.

SPECIAL ACTIVITIES, National Wool Act

SUMMARY OF LATEST OPERATIONS:

Objective: To support the prices of wool and mohair during the marketing year April 1, 1959 through March 31, 1962, by incentive payments, in accordance with the National Wool Act of 1954, as amended.

Eligibility: Domestic wool and mohair shorn on or after January 1, 1955, and marketed on or after April 1, 1959, but not later than March 31, 1962.

Domestic unshorn lambs marketed on or after April 1, 1959, but not later than March 31, 1962.

Operations: Price of domestic shorn wool is supported by incentive payments to producers, based on their net sales' proceeds from shorn wool marketed during the 1959 marketing year. Pulled wool is supported by payments on the live weight of lambs that have never been shorn, marketed during the 1959 marketing year. Incentive payment for domestic shorn wool is 62 cents per pound, grease basis, being 88 percent of the parity price as of August 15, 1958. The incentive price for pulled wool will be figured at a rate per hundred-weight of live animal to compensate for the wool on them at a price relationship comparable to the incentive payments for shorn wool.

Price of domestic shorn mohair is supported at 70 cents per pound, which is approximately 75 percent of the parity price for mohair as of August 15, 1958. While mohair support levels shall be at a level comparable to the wool incentive price, the mohair price level may vary as much as but not more than 15% above or below the comparable percent-of-parity wool incentive level.

Payments are made to eligible producers, based on their net sales proceeds from shorn wool and mohair marketed during the 1959 marketing year, or on the live weight of unshorn lambs sold during the marketing year irrespective of the purpose for which the lambs are sold. Such payments are reimbursable from 70% of the annual duties collected on wool and wool manufactures. Payments to producers are on a percentage basis, reflecting the amount required to bring the national average price received by all producers up to the announced incentive level. Applications by producers for payment, determination of producers' eligibility for payments, and computation of payments, will be made through Agricultural Stabilization and Conservation County Committees.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C. 714-714o), particularly section 714c thereof, and the National Wool Act of 1954, (7 U.S.C. 1781-1787) as amended, by the Agricultural Act of 1958, approved August 28, 1958.

BASIS OF ESTIMATE:

Wool: As a result of an expected increase in stock sheep numbers during 1958 encouraged by the improved range and pasture conditions in the principal Western sheep producing areas and confidence in returns from wool guaranteed by the payment program under the National Wool Act of 1954, as amended, domestic shorn wool production in 1959 is expected to be around 245 million pounds, (grease basis) compared with 240.4 million pounds (grease basis) reported for 1958 and 235.4 million pounds (grease basis) for 1957. Pulled wool production is estimated at 33 million pounds (grease basis) in 1958 and in 1959, slightly lower than the 33.6 million pounds (grease basis) reported for 1957.

The monthly national average of prices received by domestic growers for wool during the first eight months of the 1958 marketing year was 36.9 cents per pound, grease basis. Monthly averages ranged 35.9 cents to 37.7 cents, or 17.8 cents and 16.0 cents, respectively, below the average of 53.7 cents for the entire 1957 marketing year. The average for November was 36.1 cents, a drop of 20 cents or more than 35 percent from 56.1 cents in May 1957, the peak of the 1957 marketing year.

The trend of prices for domestic wools generally follow closely the major price movements in the leading foreign wool markets. By the end of 1958, wool prices in world markets had declined from 30 to 45 percent from May 1957 when the decline began. The decline reflected a weakening of world demand associated with working down inventories of manufacturers. During the third quarter of 1958, the aggregate mill use of wool (apparel and carpet) in nine of the leading consuming countries abroad was down 14 percent from a year earlier while in the U. S. it was about the same. The rate of mill use of apparel wool in the U. S. has been moving upward since the beginning of 1958 and during October was 16 percent above a year earlier, but the total during the first 10 months of the year was 16 percent below a year earlier. The latest data available indicates that world production of wool was higher than world consumption during 1958.

The decline in demand for wool in this country has reduced the need for U. S. imports of apparel wool. During January - September, 1958, imports of dutiable wool for consumption were down 28 percent from a year earlier.

Payment program: It is estimated that payments in the fiscal year 1960 (applicable to the 1958 marketing year and portions of the 1957 clip marketed in 1958) will be made on 286.4 million pounds of shorn wool amounting to \$63.0 million and on 11.4 million hundredweight of unshorn lambs amounting to \$10.0 million, or an aggregate of \$73.0 million. This compares with total payments of \$17.1 million anticipated during the fiscal year 1959 (applicable to the 1957 marketing year consisting of \$13.0 million payments made on 156.0 million pounds of shorn wool and \$4.1 million payments made on 12.4 million hundredweight of unshorn lambs). This reduction was due primarily to the delay in marketing part of the 1957 clip until the following marketing year because of a drop in wool prices. Actual payments made in the fiscal year 1958 applicable to the 1956 marketing year amounted to \$51.9 million consisting of \$44.0 million payments on 248.8 million pounds of shorn wool and \$7.9 million payments on 11.1 million hundredweight of unshorn lambs.

Current outlook: The outlook for wool prices over the next few months is uncertain. The continued softness of wool prices in the foreign markets following the sharp decline since May 1957, increasing competition from man-made fibers and the long-term trend to lighter weight clothing in this country, are factors that tend to retard the improved trend in the U. S. mill consumption of apparel wool and have an important bearing upon the prices domestic growers will receive for wool during the remainder of the 1958 marketing year. Currently, it appears that the prices U. S. growers will receive for wool sold during the 1958 marketing year will average nearer 37 cents per pound than the average of 40 cents estimated earlier. On the basis of this assumption, payments on wool for that year would total approximately \$82,750,000. With the incentive price established at 62 cents per pound, the payment for shorn wool would average 25 cents per pound (62 cents - 37 cents) and the payments on unshorn lambs would average \$1.00 per hundredweight (80 percent of 25 cents times 5 pounds of wool per hundredweight of live lambs). Hence, the total of the wool payments would consist of \$71,250,000 for 285 million pounds of shorn wool (including estimated production of 240 million pounds and an estimated 45 million pounds carried over from the 1957 marketing year) at 25 cents per pound and \$11,500,000 for an estimated 11,500,000 hundredweight of unshorn lambs at \$1.00 per cwt.

Mohair: Production of mohair is estimated at 20 million pounds for 1958 and also for 1959. Domestic consumption for each of these two years is expected to increase over that of 1957. Exports will likely be a little smaller than for 1957, but somewhat larger than the early part of 1958. Prices received by growers for mohair have recently been reported to be above the support level of 70 cents per pound which has been established for the 1958 and the 1959 marketing years. Early in the 1958 marketing year they were below the support level and it was estimated they would average 60 cents for the marketing year which would have resulted in an average payment rate of 10 cents per pound and total payments in the fiscal year 1960 of \$2,000,000 (20 million pounds at 10 cents per pound). As prices received by growers of mohair have been above the support price in the marketing years 1956 and 1957, no payments were required on mohair during the fiscal years 1958 and 1959.

Current outlook: The improvement in mohair prices as a result of increased domestic use and a larger demand for export may possibly raise the average price for mohair sold during the 1958 marketing year nearly to or even above the support level of 70 cents. It is now estimated that if payments are required on mohair for the 1958 marketing year, they would average less than 5 cents per pound and would total less than \$1,000,000 during the fiscal year 1960.

SPECIAL ACTIVITIES, Loans to Secretary of Agriculture
for Agricultural Conservation Purposes

SUMMARY OF LATEST OPERATIONS:

Objective: To provide funds for the purchase of conservation materials and services from January 1 to June 30 of each year in advance of the appropriations therefor.

Operations: The Corporation is required to lend to the Secretary of Agriculture, such sums, not to exceed \$50,000,000 as are required during each fiscal year, to make advances pursuant to the applicable provisions of sections 8 and 12 of the Soil Conservation and Domestic Allotment Act, as amended, in connection with programs applicable to crops harvested in the calendar year in which such fiscal year ends. Repayment of the loan plus interest at a rate equal to the cost of money to the Corporation is made as soon as practicable in the succeeding fiscal year from appropriated funds.

Authority: Section 5 (g) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) and section 391 (c) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1391).

BASIS OF ESTIMATE:

It is estimated that \$9.5 million will be loaned to the Secretary during the fiscal year 1960 for the purchase of conservation materials and services compared with loans of \$37.5 million anticipated for the fiscal year 1959 and actual loans in the fiscal year 1958 of \$37.7 million. Repayments on prior year loans during the fiscal year 1960 are estimated at \$37.5 million compared with anticipated repayments of \$22.5 million in the fiscal year 1959 on prior-year loans and actual repayments in the fiscal year 1958 of \$16.2 million of prior-year and current loans.

SPECIAL ACTIVITIES, Military Housing (Public Law
161, barter and exchange)

SUMMARY OF LATEST OPERATIONS:

Objective: To exchange \$50 million worth of Commodity Credit Corporation-owned farm products for houses to be built in France for use of American Armed Forces personnel.

Operations: During fiscal year 1957 a contract was completed for the barter through a United States exporter of CCC-owned commodities for construction of about 700 units of military housing in France by a French firm under contract with the Department of Defense. The value of the agricultural commodities is carried by CCC as a receivable from the contractor, and is to be redeemed by certificates used as a basis for establishing a receivable from the Department of Defense. This will be liquidated over a period of approximately 17 years after occupancy by the payment to CCC of net rental receipts and quarters allowances.

Authority: Section 407 of Public Law 765, 83rd Congress, as amended by Section 507 of Public Law 161, 84th Congress.

BASIS OF ESTIMATE:

It is estimated that \$38.5 million will be applied to construction in the fiscal year 1959 completing the housing units planned. During the fiscal year 1958, \$11.1 million was so applied. Since housing will begin being occupied in the spring of 1959, rental receipts during 1959 are estimated at \$.2 million and are expected to increase to \$1.0 million in the fiscal year 1960.

SPECIAL ACTIVITIES, Transfer of Long-Staple
Cotton from National Stockpile for Sale by
Commodity Credit Corporation

SUMMARY OF LATEST OPERATIONS:

Objective: To dispose of extra long staple cotton from the national stockpile by transfer to CCC inventories for sale.

Operations: Effective July 31, 1957, General Services Administration transferred to the Commodity Credit Corporation at no cost 50,000 bales of extra long staple cotton for sale in accordance with the minimum pricing provision of section 407 of the Agricultural Act of 1949, as amended. Proceeds, less costs incurred, including administrative expenses, will be covered into the Treasury as miscellaneous receipts.

Authority: Public Law 85-96 (71 Stat. 290).

BASIS OF ESTIMATE:

Based on the current market situation and the disposal plans for stockpile cotton, it is estimated that 5 thousand bales of extra long staple cotton will be sold during the fiscal year 1960 compared with 1.6 thousand bales anticipated to be sold in the fiscal year 1959 and actual sales of 7.2 thousand bales in the fiscal year 1958. The remainder will be sold in subsequent years. Proceeds from such sales in the fiscal year 1960 are estimated at \$1.3 million compared with \$.4 million anticipated in the fiscal year 1959 and \$1.7 million in the fiscal year 1958. After deducting applicable charges and expenses it is estimated that net proceeds will be deposited into the Treasury as miscellaneous receipts during the fiscal years 1960 and 1959 thereby reflecting no net expenditures for this program. At the end of 1958, \$.5 million was due to the Treasury and was paid in the fiscal year 1959.

Operating Results and Retained Earnings

Operations described in the foregoing resulted in a net budget expenditure of \$2,606 million in 1958. It is estimated that such operations will result in net budget expenditures of \$4,717 million in 1959 and \$4,311 million in 1960. The net loss for 1958, including both realized losses of \$1,535 million and net decreases in valuation allowances of \$297 million, amounted to \$1,238 million applicable only to price support, supply and related programs and special milk. It is estimated that such net losses of \$1,775 and \$1,966 million will be incurred in 1959 and 1960, respectively.

Pursuant to the act of March 8, 1938, as amended (15 U.S.C. 713a-1), an appraisal of the assets and liabilities of the Corporation is made each year by the Secretary of the Treasury to determine net worth. If the net worth is less than \$100,000,000 the Secretary of the Treasury restores the amount of capital impairment; if net worth is more than \$100,000,000 the Corporation pays the surplus to the Treasury (15 U.S.C. 713a-2). The appraisal is on the basis of realized losses and the amount of capital impairment determined thereby is the amount of realized loss incurred in the period since that covered by the last restoration.

There was a deficit of \$5,711,270,715 on the books of the Corporation as of June 30, 1958. This deficit is composed of \$2,415,446,416 valuation reserves established against the assets of the Corporation as of June 30, 1958 and unrestored realized losses for fiscal years 1957 and 1958 of \$1,760,399,886 and \$1,535,424,413, respectively.

The realized loss for fiscal year 1957 of \$1,760,399,886 was restored by the Department of Agriculture Appropriation Act, 1959 after June 30, 1958. The 1960 Budget proposes an appropriation to effect the restoration of the 1958 loss of \$1,535,424,413.

Costs applicable to special activities financed by CCC are reimbursed to the Corporation by special appropriations and are discussed under "Special Activities", Department of Agriculture.

Financial Condition

The Corporation's assets, which consist principally of price support loans receivable and inventories but excluding amounts recoverable from specific appropriations were valued at \$5,369 million as of June 30, 1958, and are estimated at \$6,873 million as of June 30, 1959, and \$7,868 million as of June 30, 1960. The estimated increase in assets as of June 30, 1960, over June 30, 1959, principally represents an increase of \$1,715 million in the estimated net value of inventories, offset by a \$747 million decrease in loans receivable. Other net changes are in relatively small amounts.

The changes in the Corporation's assets are also reflected in its principal liabilities and investment of the United States Government. Outstanding borrowings from the Treasury are estimated to amount to \$11,528 million as of June 30, 1959 and \$13,119 million as of June 30, 1960. Other liabilities of the Corporation, principally price support loans held by banks, amounted to \$865 million as of June 30, 1958; it is estimated that these liabilities will amount to \$734 million as of June 30, 1959 and \$721 million as of June 30, 1960.

(a) Restoration of Capital Impairment,
Commodity Credit Corporation

Appropriation Act, 1959, and base for 1960	\$1,760,399,886
Budget Estimate, 1960	<u>1,535,424,413</u>
Decrease (in amount required for restoration of capital impairment of CCC for 1958 activities)	<u>-224,975,473</u>

PROJECT STATEMENT

Project	: 1958 : (1956 Impair- : ment)	: 1959 : (1957 Impair- : ment)	: Decrease	: Budget Estimate : 1960 (1958 : Impairment)
Restoration of	:	:	:	:
Capital Impairment:	\$1,239,788,671:	\$1,760,399,886:	-\$224,975,473:	\$1,535,424,413
:	:	:	:	:

DECREASE

Public Law 312, 83rd Congress, approved March 20, 1954, provided that the appraisal of assets to determine the capital impairment shall be on the basis of cost to the Corporation. The capital impairment of the Corporation is, therefore, determined on the basis of losses actually realized. The U. S. Treasury is required to appraise the assets and the liabilities of the Corporation on this basis as of June 30 of each year (15 U.S.C. 713a-1).

The net decrease of \$224,975,473 in this item represents the difference between actual realized losses sustained during the fiscal years 1957 and 1958. The principal component of the net decrease is a decrease in losses related to price support. The principal decreases by commodities were \$71 million for corn, \$141 million cotton, \$47 million rice, \$52 million wheat, and \$49 million all other. These decreases are offset by the following increases: \$43 million for wheat flour, \$14 million armed services milk, \$26 million barley, \$14 million flaxseed, and \$28 million all other commodities. Decreases of \$52 million in other program losses, primarily in the commodity export program, were offset by increases of \$62 million in all other expenses, primarily interest expense.

The total price support losses of \$1,007 million incurred during the fiscal year 1958 include \$366 million incident to donations of commodities, \$635 million due to losses on sales, and miscellaneous program expense of \$6 million. In addition to the price support losses, the Corporation sustained losses during fiscal 1958 of \$167 million attributed to other programs, principally the commodity export program (\$101 million) and the special milk program for children. The 1958 capital impairment of \$1,535,424,413 also reflects interest, administrative and other (net) costs of about \$367 million not distributed by programs. The following statement shows a comparison of such losses by programs and commodities.

COMMODITY CREDIT CORPORATION
Comparison of Realized Losses and Gains
Applicable to Restoration of Capital Impairment
(million dollars)

Program and commodity	1959 (1957 Impairment)	1960 (1958 Impairment)	Increase (+) or Decrease (-)
Price support program:			
Basic commodities:			
Corn	\$247	\$176	-\$71
Cornmeal	21	28	+7
Cotton	421	280	-141
Peanuts	17	11	-6
Rice	65	18	-47
Tobacco	a/	4	+4
Wheat	96	44	-52
Wheat flour	40	83	+43
Total basic	907	644	-263
Mandatory nonbasic commodities:			
Honey	a/	- -	a/
Butter (including oil)	26	22	-4
Cheese	78	81	+3
Milk, nonfat dry	110	112	+2
Armed Services and Veterans			
Milk	16	30	+14
Wool	9	6	-3
Other	- -	a/	a/
Total mandatory nonbasic ..	239	251	+12
Other nonbasic commodities:			
Barley	12	38	+26
Beans, dry edible	14	3	-11
Cottonseed products	8	1	-7
Flaxseed	2	16	+14
Linseed oil	a/	- -	a/
Oats	25	15	-10
Rye	5	3	-2
Seeds	2	a/	-2
Sorghums, grain	27	23	-4
Other	1	2	+1
Total other nonbasic	96	101	+5
Strategic materials	a/	11	+11
Total price support program	1,242	1,007	-235
Commodity export program	147	101	-46
Special milk program for children	57	66	+9
Other programs	a/	6*	-6
Interest, administrative, and			
other (net)	314	367	+53
Total realized losses	1,760	1,535	-225

a/ Less than 1/2 million

* Denotes gains

(b) Administrative Expenses, Commodity Credit Corporation

Appropriation Act, 1959	\$35,398,000
Proposed increase in limitation, 1959:	
For pay act costs	2,669,000
For increased program expenses	2,000,000
Base for 1960	<u>40,067,000</u>
Budget estimate, 1960	<u>45,300,000</u>
Increase	<u>+5,233,000</u>

SUMMARY OF INCREASES, 1960

Increase in price support operations	+2,062,000
Increase to provide a contingency reserve to enable the Corporation to meet unforeseeable increase in workload	+3,171,000

PROJECT STATEMENT

Project	1958	1959 :(estimated):	Increase	1960 :(estimated)
1. Price support program	\$30,597,145	\$35,753,900	+\$2,062,000 (1)	\$37,815,900
2. Storage facilities program :	1,590,279	1,855,000	- -	1,855,000
3. Commodity export program . :	1,095,636	1,265,000	- -	1,265,000
4. Special milk program	592,275	658,100	- -	658,100
Subtotal	33,875,335	39,532,000	+2,062,000	41,594,000
Unobligated balance and				
contingency reserve	1,522,665	a/ 535,000	+3,171,000 (2)	a/ 3,706,000
Total pay act costs (P.L.				
85-462)	[1,140,298]	[2,865,317]	[+126,278]	[2,991,595]
Subtotal	35,398,000	40,067,000	+5,233,000	45,300,000
Proposed increase in limita-				
tion due to:				
Pay increases	- -	-2,669,000		
Increased program volume :	- -	-2,000,000		
Total limitation or estimate :	35,398,000	35,398,000		

a/ The limitation includes \$535,000 applicable to the \$1,000,000 special limitation for sales expansion which it is estimated will not be obligated in fiscal years 1959 or 1960.

INCREASES

(1) An increase of \$2,062,000 due to an increased volume of price support operations.

The record production from 1958 crops, the increased cotton and corn acreage estimated to be planted in the crop year 1959 as a result of the Agricultural Act of 1958, discontinuance of the acreage reserve program, and the expectation of relatively high yields on 1959 crops, indicate that the volume of price support operations in 1960 will be higher than for the current fiscal year.

Investment in price support up. Investment in price support - CCC inventories and loans outstanding - which was being reduced steadily in 1957 and 1958 is again trending upward. From an investment valued at \$7 billion at June 30, 1958, it is expected to increase to \$9.1 billion by June 30, 1959 and to \$10.4 billion by June 30, 1960. This represents an increase of \$3.4 billion or nearly a 50% increase in investment in two years.

Inventories higher. Much of the increased administrative workload is related to inventory management. The value of commodities owned by CCC as of June 30, 1958 was slightly less than \$5.5 billion. By June 30, 1959 it is estimated that the value of CCC inventory will increase to \$6.8 billion and to \$9.1 billion by June 30, 1960. The estimated increase in the value of inventories during the two year period is \$3.6 billion, or a 67% increase.

More dispositions. The increase in inventories occurs despite an estimated increase of nearly \$500 million in the cost of commodities to be sold during fiscal 1960 compared with 1959. Dispositions of corn during 1960 are estimated at about 205 million bushels, or 55 million bushels more than estimated for 1959. Wheat dispositions are estimated at 161 million bushels, an increase of 15 million bushels over 1959. Dispositions of other grains indicate an increase of 48 million bushels for 1960 to a total of 215 million bushels. Cotton sales in 1960 are estimated to be more than 50% above the 1959 volume - 4,630,000 bales estimated to be sold in 1960 compared with 3,030,000 bales for 1959.

Less price support extended. Although total loans made during 1960 are estimated to be \$1.6 billion lower than in 1959, comparison of the two years figures is not valid because the new legislation for price support on cotton provides for purchases as well as loans. Price support extended on all commodities, including \$1 billion for cotton purchases, is estimated at \$4.3 billion for 1959 and \$3.6 billion for 1960 - a decrease of \$.7 billion, or 17%.

More acquisitions. The cost of commodities acquired in 1960 through loan forfeiture, purchases and purchase agreement deliveries is estimated at \$4.2 billion compared with acquisitions estimated to cost \$2.8 billion in 1959. This represents an increase of \$1.4 billion in the estimated cost of acquisitions, or a 50% increase. Major increases in the volume of commodities to be acquired are for corn and cotton. It is expected that 453 million bushels of corn will be acquired in 1960 compared with 299 million bushels in 1959. This is an increase of 154 million bushels, or more than 50% in corn acquisitions. Acquisitions of cotton in 1960 are expected to total 11,720,000 bales compared with 2,366,000 bales acquired in 1959. This increase in cotton acquisitions is nearly five times the 1959 volume and results from acquiring cotton forfeited under the 1958 loan program along with purchases of Plan A cotton from the 1959 crop in the same fiscal year.

The following table reflects the various price operations for the major commodities for 1958 compared with the estimated volume for each of the fiscal years 1959 and 1960.

Major Commodities	1958	1959	1960
	Actual	Estimate	Estimate
1. Loans Made			
Corn (000's bu.)	324,901:	480,500:	378,000
Cotton (bales)	3,658,284:	6,540,000:	1,200,000
Wheat (000's bu.)	241,527:	547,500:	379,000
Rice (000's cwt.)	6,977:	8,000:	6,000
Other Grains (000's bu.)	533,000:	611,742:	474,258
2. Acquisitions			
Corn (000's bu.)	461,028:	299,033:	453,000
Cotton (bales)	3,675,852:	2,366,000:	11,720,000
Wheat (000's bu.)	186,924:	501,697:	370,000
Rice, Rough (000's cwt.)	11,011:	8,043:	5,050
Other Grains (000's bu.)	471,173:	541,427:	390,405
Dairy Products (000's lb.)	1,214,146:	965,000:	935,000
Cottonseed (000's tons)		1,500:	2,500
Cottonseed oil, crude (000's lb.)		398,000:	650,000
Cottonseed oil, refined (000's lb.)		328,000:	546,000
3. Dispositions			
Corn (000's bu.)	221,654:	150,098:	204,800
Cotton (bales)	7,610,456:	3,030,000:	4,630,000
Wheat (000's bu.)	175,950:	145,507:	160,760
Rice, Rough (000's cwt.)	16,480:	7,285:	4,000
Other Grains (000's bu.)	211,031:	166,571:	215,106
Dairy Products (000's lb.)	1,275,809:	1,135,801:	980,697
Cottonseed (000's tons)		1,500:	2,500
Cottonseed oil, crude (000's lb.)		398,000:	650,000
Cottonseed oil, refined (000's lb.)		328,000:	546,000
4. Ending Inventories			
Corn (000's bu.)	1,028,032:	1,176,967:	1,425,167
Cotton (bales)	1,074,000:	410,000:	7,500,000
Wheat (000's bu.)	834,921:	1,191,111:	1,400,351
Rice, Rough (000's cwt.)	7,842:	8,600:	9,650
Other Grains (000's bu.)	487,809:	862,665:	1,037,964
Dairy Products (000's lb.)	418,298:	247,497:	201,800

Administrative expenses. The impact of increased program volume is reflected in the operations and financial requirements of the CSS Commodity Offices. The workload and expenses of these offices vary directly with the volume of commodities handled and are estimated on the basis of a detailed work measurement system. The major portion of the workload is comprised of the transactions relating to the acquisition, management and disposition of inventories and consists of the negotiation and allocation of storage space, inspections and storage facilities and commodities, payments of warehouse charges and amounts due on settlements of loading orders, issuance and control of loading orders for the disposition and reconcentration of commodities, handling of bills of lading, payment of freight bills and negotiations, payments and billings in connection with the purchase and sale of these commodities. The detail of this increased workload stated in terms of volume, detailed activities, personnel and other requirements is reflected in Tables I and II.

(2) An increase of \$3,171,000 to continue the provision for a contingency reserve of 7%.

The language of the current administrative expense limitation contains provision for a contingency reserve of not less than 7% and it is proposed that provision for a similar contingency reserve be included for the fiscal year 1960 to be made available for use only on approval of the Bureau of the Budget. The administrative expense requirements of the Commodity Credit Corporation are directly related to the volume of commodities placed under price support loans, acquired and disposed of. Since the volume of loan and inventory operations is to a large extent unpredictable, it follows that an estimate of administrative expense requirements, based on such tentative program estimates must of necessity also be highly tentative.

There are many factors contributing to the uncertainty of the program volume estimates upon which this estimate of administrative expense requirements is based. Of major importance is the fact that 1959 crops from which a large portion of the program volume will occur during the fiscal year 1960 have not as yet been planted or produced.

In addition to the indefinite volume of production in the United States, it has been demonstrated that operations of the Corporation are also influenced by other uncertainties, such as agricultural production abroad, changes in domestic and world economic conditions and other factors which cannot be forecast accurately far in advance of the time of their occurrence. As a means of facilitating immediate action in processing the additional workload in the event program volume exceeds current estimates, it is felt that provision of the reserve for Commodity Credit Corporation funds is very important and should be continued.

Commodity Credit Corporation

Estimated Volume of Commodities - Commodity Credit Corporation

Fiscal Years 1959 and 1960

	All Commodities Except Cotton		Cotton	
	1959	1960	1959	1960
	Carlots		1,000 Bales	
I. <u>LOAN ACTIVITY</u>				
A. Loans Made	901,169	676,703	6,540	1,200
B. Loans Repaid	148,987	125,031	1,200	260
C. Loans Forfeited:				
1. Warehouse stored	367,802	332,406	2,366	5,680
2. Farm stored	308,304	278,635	-	-
II. <u>INVENTORY MANAGEMENT</u>				
A. On Hand Beginning of F. Y.	1,284,335	1,747,920	1,074	410
B. Additions:				
1. Purchases	102,188	141,076	-	6,040
2. Purchase agreement deliveries	62,518	55,066	-	-
3. Forfeiture of collateral	676,106	611,042	2,366	5,680
4. Exchanges	9,649	9,649	-	-
5. Transfers	70,942	61,196	-	-
Total Additions	921,403	878,029	2,366	11,720
C. Dispositions:				
1. Sales	321,200	412,460	3,030	4,630
2. Donations	56,190	54,076	-	-
3. Exchanges	9,649	9,649	-	-
4. Transfers	70,779	61,747	-	-
Total Dispositions	457,818	537,932	3,030	4,630
D. On Hand End of F. Y.	1,747,920	2,088,017	410	7,500
III RECONCENTRATIONS	325,713	362,520	2,000	2,500
IV. PURCHASE AGREEMENTS MADE	136,556	99,710	-	-



CONVERSION OF PROGRAM VOLUME TO WORK UNITS, LABOR AND FUND REQUIREMENTS

Table II

WORK ITEM NO.	ACTIVITY	UNIT OF MEASURE	F. Y. 1959		F. Y. 1960	
			Production Rate/ M.Y. 261 days	Number of Units	Production Rate/ M.Y. 262 days	Number of Units
	DIRECT LABOR					
	PROGRAM ACTIVITIES					
	I. Inventory Management					
	A. Storage and Maintenance					
	1. Commercial					
	a. Storage Contract Negotiations					
01		Contract Documents	783	37,392	786	37,392
	b. Inspection					
	(1) By Commodity Office					
02		Examination Report	470	65,630	472	77,968
03		Inspection Request (lot)	7,569	17,683	7,598	17,683
04		Examination Report	2,427	10,281	2,437	12,034
	c. Payment of Storage and Related Charges					
05		Invoice	392	7,962	393	8,562
	(1) Cotton					
06		Invoice	2,271	79,157	2,279	94,039
07		Carlot	4,150	678,721	4,166	725,230
08		Reconcentration Order or Invoice	3,445	6,500	3,458	8,115
09		Invoice	2,558	86,856	2,568	86,856
	(5) Other Services					
10		Transaction	2,297	14,200	2,306	14,200
	2. CCC-Owned Facilities: Bin Acquisitions, Installation, Equipment and Maintenance					
	B. Movements and Transfers					
	1. Delivery Instructions					
11		Carlot	4,594	678,721	4,611	752,230
12		Notice to Deliver	1,357	171,887	1,362	245,513
13		Bale	44,631	2,000,000	44,802	2,500,000
14		B/L or Delivery Receipt	1,931	627,001	1,939	754,292
	2. Deliveries					
	3. Freight Payments					
15		Freight Bill	3,263	30,075	3,275	37,594
16		Freight Bill	5,246	558,647	5,266	670,815
17		Paid Freight Bill	23,490	273,737	23,580	328,699
18		Difference Card	4,541	122,170	4,559	135,401
	5. Commodity Shipment Adjustments					
	C. Commodity Stocks on Hand					
19		Warehouse Receipt	778,850	3,500,000	781,808	12,820,000
20		23-A (Line Items)	91,768	2,389,436	92,119	2,980,608
	1. Commercial Storage					
	2. CCC Storage					
	II. Merchandising Activities					
	Cotton					
21		Vendor Invoice	992	71,532	996	98,753
	A. Purchases					
22		Bales	94,665	3,023,000	95,027	5,230,000
	B. Sales, Donations, and Transfers Out					
	Other					
22		Invoice	470	70,026	472	82,544
	Time only					
23		Bale	429,862	3,886,282	431,514	2,550,000
24		Bale	104,139	4,789,686	104,538	2,550,000
25		Met	2,871	22,700	2,882	33,518
26		Invoice	548	9,649	550	9,649

CSS COMMODITY OFFICES

CONVERSION OF PROGRAM VOLUME TO WORK UNITS, LABOR AND FUND REQUIREMENTS

WORK ITEM NO.	ACTIVITY	UNIT OF MEASURE	F. Y. 1959			F. Y. 1960		
			Production Rate/ M.Y.	Number of Units	Man-Years	Production Rate / M.Y.	Number of Units	Man-Years
III. Producers Transactions								
27	A. Loan Making	Cotton	32,625	5,187,500	159.0	32,750	2,400,000	73.3
	1. Centralized Loans	Other	9,187	1,441,870	156.9	9,222	1,082,725	117.4
28	2. De-Centralized Loans	Schedule	4,124	15,663	3.8	4,140	15,663	3.8
29	B. Certificates of Interest	Certificate	53,322	474,299	8.9	53,527	356,159	7.2
C. Loan Liquidation								
30	1. By Repayment	Cotton	79,083	500,000	6.3	79,386	130,000	1.6
	a. Centralized Loans	Other	9,500	238,379	25.1	9,537	200,050	21.0
31	b. De-Centralized Loans	Schedule	4,411	28,338	6.4	4,428	28,338	6.4
32	2. By Acquisition of Collateral	Corn 1957	8,483	124,623	14.7	-	-	-
33	a. Farm-stored	Other	3,002	162,100	54.0	3,013	259,131	86.0
	b. Warehouse stored	Cotton	115,884	2,500,000	21.6	116,328	5,680,000	50.4
34	(1) Collateral Acquired	1958 groups	8,194	628,931	64.9	9,877	550,010	55.7
35	(2) Equity Payments and Cotton Pooling	Note or Bale	2,779,650	3,673,443	1.3	-	-	-
	D. Purchase Agreements	(Other)	2,819	2,699	1.0	-	-	-
36	1. Purchase Agreements Made	CP-1	36,697	169,329	4.6	36,837	123,640	3.4
37	2. Purchase Agreement Deliveries	CP-4	2,584	69,395	26.9	2,594	61,123	23.6
38	E. Settlements with Producers on Cotton Claims	Producers Settlement Statement	5,246	25,635	4.9	5,266	25,635	4.9
F. Allocation of Reconciliation Charges to Cotton Loans								
39	G. Cotton Pool Distribution	Bale	61,596	1,000,000	16.2	61,832	1,250,000	20.2
40	II. Acreage Reserve Program	Check or Statement	621,180	1,503,929	2.4	-	-	-
41	1. Conservation Reserve Program	Certificate	-	-	-	-	-	-
42	J. National Wool Act Program	Sight Draft	-	-	-	-	-	-
IV. Miscellaneous Program Activities								
A. Export Programs								
43	1. Export Payments	Invoice or Certificate	2,192	137,378	62.7	2,201	129,879	59.0
44	2. Public Law 480 - Title I	Supplier's Invoice	731	10,902	14.9	734	10,902	14.9
45	3. Registration or Declaration of Export	Notice or Declaration	10,805	87,000	8.1	10,847	50,199	4.6
B. Claims by and Against CSS								
46	1. Claims Determination	Claim Document	731	84,188	115.2	734	84,188	114.7
47	2. Claims Review and Recordation	Claim Document	1,070	28,558	26.7	1,074	28,558	26.6
3. Collection of Claims and Other Accounts Receivable								
48	C. Cash Receipts	Collection Item or Receivable	-	-	73.2	-	-	73.2
49		Cash Item or Schedule	15,112	393,229	26.0	15,170	393,229	25.9
D. Reports								
50	1. Regular Reports	Report	313	13,904	44.4	314	13,904	44.3
51	2. Special Reports	Report	78	401	5.1	79	401	5.1
52	Draft Issuance	Draft	18,505	50,000	2.7	18,576	50,000	2.7
53	Grain Storage Fleet	Inspection	444	21,613	48.7	445	21,613	48.6
54	Post-Audit transit applications under processing contracts	Freight Bill	9,814	30,610	3.1	9,851	30,610	3.1
55	Freight forwarding operations	Shipping authorizations	470	2,000	4.3	472	3,000	6.4

CONVERSION OF PROGRAM VOLUME TO WORK UNITS, LABOR AND FUND REQUIREMENTS

WORK ITEM NO.	ACTIVITY	UNIT OF MEASURE	F. Y. 1959		F. Y. 1960	
			Production Rate/ M.Y.	Number of Units	Production Rate/ M.Y.	Number of Units
	TOTAL PROGRAM ACTIVITIES; MAN-DAYS WORK RECEIVED	Man-Years		2,681.1		3,095.3
	ELECTRONIC DATA PROCESSING ACTIVITIES					
57	I. Feasibility Surveys and Systems Development	Man-Years		14.5		14.5
58	II. Programming	Man-Years		95.7		95.7
59	III. Computer Operations	Man-Years		45.7		45.7
	TOTAL EDP ACTIVITIES	Man-Years		155.9		155.9
	ADMINISTRATIVE ACTIVITIES					
60	I. Personnel Work	Man-Years		50.3		50.3
61	II. Budget, Organization and Procedure	Man-Years		71.0		71.0
62	III. Mail and Messenger	Man-Years		15.9		15.9
63	IV. Other Administrative Activities	Man-Years		142.6		142.6
64	V. Administrative Reporting	Man-Years		6.2		6.2
	TOTAL ADMINISTRATIVE ACTIVITIES	Man-Years		316.0		316.0
	TOTAL DIRECT LABOR, LESS LEAVE	Man-Years		3,153.0		3,567.2
65	LEAVE, DIRECT LABOR	Man-Years		523.4		592.2
	TOTAL DIRECT LABOR	Man-Years		3,676.4		4,159.4
	INDIRECT LABOR (Including Leave)					
66	I. Supervisory	Man-Years		145.4		145.4
67	II. Secretarial	Man-Years		103.1		103.1
	TOTAL INDIRECT LABOR	Man-Years		248.5		248.5
	Total All Labor	Man-Years		3,924.9		4,407.9
	Average salaries		Cost		Cost	
			\$4,664		\$4,564	
			18,305,161		20,118,826	
	Less Man-Years equiv. overtime Total objects 02-15			-64.6		-70.0
				3,860.3		4,337.9
	Total commodity offices					
	Increase 1960 over 1959			25,619,752		27,711,752
						2,062,000

1/16/59

Operations entailed in carrying out CCC programs are as follows:

Program Formulation and Direction includes formulating the programs and program policies; developing the operating provisions of the various programs; providing for the dissemination of these provisions to producers and segments of industry involved; and determining and facilitating the means for storing, managing and disposing of commodities acquired as a result of price support operations. These operations are performed by the Board of Directors, the Advisory Board, the Administrator, the General Sales Manager of the Commodity Stabilization Service, and the CSS Commodity Divisions, and include continuous economic, analytical and other related work required on announced programs and on related commodities.

The Agricultural Act of 1949, as amended, provides mandatory price support for the six basic commodities -- corn, cotton, wheat, rice, peanuts and tobacco -- and for the specific nonbasic commodities -- tung nuts, honey, milk, butterfat, and the products of milk and butterfat. Price support for other commodities is discretionary, except that beginning with the 1959 crop, price support must be made available on oats, rye, barley and grain sorghums at a level determined by the Secretary of Agriculture as fair and reasonable in relation to the level of price support on corn. The level of support for designated nonbasic commodities and the need for the program as well as the level of support for other commodities must be predicated upon economic and other factors set forth in the Act of 1949. The impact of these programs upon the national economy must be carefully considered. It is necessary to make these analyses not only on those commodities involved in price support programs but also to keep under constant surveillance the whole area of competing and substitute commodities, in order to assure that price support operations will not disadvantageously affect the prices and marketing of such competing or substitute commodities. Actual operations in the field are carried out through the Commodity Stabilization Service Commodity Offices, and the Agricultural Stabilization and Conservation State and County Offices.

Fiscal, Transportation and Storage Services include (1) determining over-all financing, fiscal and accounting policy and pricing within approved policies, (2) determining over-all policy for custody, transportation and storing, and (3) assisting in the formulation of claims policies and procedures which insure the protection of the interests of the Corporation in the settlement of claims. Included also is the technical supervision of these functions and the maintenance of the general books and accounts of the Corporation and handling of financing arrangements for all operations of the Corporation.

These functions are performed by the Fiscal and Transportation and Storage Services Divisions and, in addition to providing operational data for the everyday management and conduct of the business, they enable the Corporation to comply with the multitude of prescribed fiscal, transportation and property accountability laws and regulations.

Audit, Compliance and Investigation Services are performed by the Internal Audit Division and the Compliance and Investigation Division to determine whether the funds of the Corporation have been properly accounted for and its affairs properly administered, to detect fraud or program violations, and to assist in criminal or civil litigation.

In addition to specific recoveries to the Government resulting from fines, penalties, disallowed claims and collection of claims, this work has resulted in incalculable benefits derived from the factor of deterrence brought about through general knowledge that audits and investigations are being conducted.

Program Field Operations are carried out in the field primarily through seven Commodity Stabilization Service Commodity Offices and 48 State Agricultural Stabilization and Conservation Offices. They consist of accounting for loans, inventories and costs, and the storage, management and disposition of inventories of all commodities.

The amounts required by the CSS Commodity Offices during the fiscal years 1959 1960 were determined in the same manner as for previous years. The operating budgets for these offices for the current fiscal year have also been prepared in this manner. The method used is based upon the monthly "Work Status Report." This report reflects the actual number of documents (freight bills, loading orders, notes, etc.) processed, and the actual man-days required for such processing for each office. The estimated program volume to be handled by each office was converted into the number of documents to be processed during each fiscal year. On the basis of experience, as reflected in the "Work Status Report", the productivity rates expected to be attained were applied to the documents to be processed to determine the man-days required. This covered all of the expenses of these offices, except funds used for fixed operating costs such as supervisory personnel and costs other than personal services which were estimated on the basis of past experience.

Approximately 75% of total CCC administrative expenses is used for Program Field Operations, and the remaining 25% for the other three functions.

NATIONAL WOOL ACT

Purpose Statement

The principal objectives of the National Wool Act are to provide for the national security and promote the general economic welfare by encouraging the domestic production of approximately three hundred million pounds of shorn wool, grease basis, at prices fair to both producers and consumers, in a manner which will have the least adverse effects upon foreign trade.

Method and Support Level - To aid in carrying out these objectives, the Act authorizes an incentive payment program which provides a support level for shorn wool not in excess of 110 percent of parity. The support price for mohair is established at a level necessary to maintain approximately the same percentage of parity for mohair as for shorn wool, the deviation to be no more than 15 percent above or below the comparable percentage of parity at which shorn wool is supported.

The latest announced program applies to shorn wool and mohair and to unshorn lambs marketed during the marketing year April 1, 1959 through March 31, 1960. The announced support price for shorn wool is 62¢ per pound, grease basis, and 70¢ per pound for mohair. These incentive prices represent 88% and 75% of the August 15, 1958 parity prices for wool and mohair, respectively. The level of support for pulled wool will be so related to the shorn wool incentive price as to maintain normal marketing practices.

If average prices received by producers for their marketings of wool and mohair fall below the incentive price levels announced, payments will be made. These payments will be based on the percentage needed, in the case of each commodity, to bring the national average price received by producers up to the incentive price. The total of all such payments is limited to 70% of the accumulated totals, as of the date of such payments, of gross receipts from all duties collected on and after January 1, 1953 on wool and wool manufactures.

Referendum - In August 1955, in a referendum called by the Secretary of Agriculture as provided in Section 708 of the National Wool Act, considerably more than the required two-thirds of producers expressed approval of an agreement previously entered into by the Secretary with the American Sheep Producers Council, Incorporated, for the conduct of an extensive advertising, sales promotion and market development program for wool, mohair, sheep, goats or the products thereof. The expense of this program is financed from deductions from the incentive payments due producers in each marketing year. The program is designed to improve and expand the market for the industry's products and ultimately to reduce the extent of Government price assistance required.

Financing - Capital funds of the Commodity Credit Corporation are used for incentive payments and other program costs. Section 705 of the National Wool Act provides for reimbursing the Corporation beginning with the 1956 fiscal year, for costs of the program by appropriating an amount equal to not to exceed 70% of the gross receipts from all duties collected on wool and wool manufactures in the calendar year preceding the beginning of each fiscal year.

	Appropriated, 1959	Budget Estimate, 1960
Appropriation (permanent)	\$24,453,099	\$47,630,000



(c) National Wool Act

Appropriation Act, 1959, and base for 1960	\$24,453,099
Budget Estimate, 1960	47,630,000
Increase in reimbursement to CCC	<u>+23,176,901</u>

PROJECT STATEMENT

Project	1958	1959 (estimated)	Increase	1960 (estimated)
Reimbursement to Commodity Credit Corporation for expenditures under National Wool Act (Appropriation or estimate)	\$29,671,679	\$24,453,099	+\$23,176,901	\$47,630,000

INCREASE

The increase of \$23,176,901 is the difference between the estimated maximum reimbursement authorized in the fiscal year 1960 and the amount of reimbursement in the fiscal year 1959 for expenses incurred under the National Wool Act during the fiscal year 1958 and prior years. The difference is primarily due to amendment of the National Wool Act by the Agricultural Act of 1958, P.L. 85-835, approved August 28, 1958, providing that reimbursement to the Corporation shall be at the rate of 70% of all gross duties from wool and manufactures for the previous calendar year, instead of 70% of the gross specific duties from such items, as formerly authorized.

Incentive payments for the 1957 marketing year program -- made in the fiscal year 1959 -- are estimated to total \$17,100,000. This amount consists of estimated payments of \$13,000,000 on approximately 156,000,000 pounds of shorn wool, at an average rate of 8.3¢ per pound, and \$4,100,000 on unshorn lambs sold. Wool for unshorn lambs sold is supported on a basis comparable to that for shorn wool. Administrative expenses and interest charges are expected to bring the total costs of the wool program for the 1957 marketing year to \$21,096,000. For this and other amounts expended in prior fiscal years not previously reimbursed, the basic statute provides for reimbursement to the Commodity Credit Corporation to the extent of 70% of the duties on wool and manufactures estimated to be collected in the calendar year 1958. The amount of reimbursement is estimated to be \$47,630,000.

Unrecovered balances will remain on the books of the Corporation as a receivable until subsequent appropriations become available. At the current rate of duties collected, it is anticipated that reimbursement for costs during the fiscal year 1959 (1957 marketing year), and for prior years not fully reimbursed, will not be effected until the fiscal year 1961.

The following table shows, by major activity, the Commodity Credit Corporation's costs, estimated reimbursements, and unrecovered balances:

Costs of the National Wool Act

	F.Y. 1955	F.Y. 1956	F.Y. 1957 : (1955 Mar- :keting Year)	F.Y. 1958 : (1956 Mar- :keting Year)	F.Y. 1959 : (1957 Mar- :keting Year)	F.Y. 1960 : (1958 Mar- :keting Year)	F.Y. 1961 : (1959 Mar- :keting Year)
	(actual)	(actual)	(actual)	(actual)	(estimated)	(estimated)	(estimated)
Volume of marketings:							
lbs. shorn wool	-	-	:260,130,700:	248,823,100 ^{1/} :	156,000,000:	286,363,600	:250,000,000
cwt. unshorn lambs	-	-	:9,718,500:	11,089,400 ^{1/} :	12,424,200:	11,363,600	:11,111,100
Incentive payment rates:							
per lb. shorn wool	-	-	:19.2¢:	17.7¢	8.3¢:	22.0¢	:18.0¢
per cwt. unshorn lambs ...	-	-	:77.0¢:	71.0¢	33.0¢:	88.0¢	:72.0¢
Total incentive payments:							
Shorn wool	-	-	:\$50,013,650:	\$44,041,689	\$13,000,000:	\$63,000,000	: \$45,000,000
Unshorn lambs	-	-	:7,607,409:	7,873,459	:4,100,000:	10,000,000	:8,000,000
Total payments	-	-	:57,621,059:	51,915,148	:17,100,000:	75,000,000 ^{2/} :	:53,000,000
Administrative expenses	\$187,432:	\$2,006,032:	2,100,889:	2,327,852	:2,885,000:	2,885,000	:2,885,000
Interest expense	252:	14,943:	1,570,404:	2,939,448	:1,111,000:	3,053,000	:3,650,000
TOTAL	187,684:	2,020,975:	61,292,352:	57,182,448	:21,096,000:	80,938,000	:59,535,000

1/ Net adjusted poundage.

2/ Includes \$2,000,000 for mohair.

Costs and Reimbursements to CCC

	F. Y. 1955 (actual)	F. Y. 1956 (actual)	F. Y. 1957 (actual)	F. Y. 1958 (actual)	F. Y. 1959 (estimate)	F. Y. 1960 (estimate)
Unrecovered costs - prior years	- -	\$187,684	\$2,020,975	\$61,292	\$88,803	\$85,446
Current year costs	\$187,684	2,020,975	61,292,352	57,182,448	21,096,000	80,938,000
Total cumulative unrecovered costs	187,684	2,208,659	63,313,327	118,474,800	109,899,121	166,384,022
Reimbursement to CCC*	- -	187,684	2,020,975	29,671,679	24,453,099	47,630,000
Unrecovered balance end of year	187,684	2,020,975	61,292,352	88,803,121	85,446,022	118,754,022

* Limited to 70% of duties collected on wool and wool products during preceding calendar year.



STATUS OF PROGRAM

Purpose - The objective of this program is to encourage an annual domestic production of approximately 300,000,000 pounds of shorn wool.

Operations - This is accomplished by incentive payments to eligible producers on a percentage basis reflecting the amount required to bring the national average received by all producers up to the announced incentive level. The incentive level shall not exceed 110% of parity. Pulled wool is supported, in a comparable relationship to shorn wool, by payments on the sale of lambs that have never been shorn. Mohair is supported at a level not in excess of 15% above or below the comparable percentage of parity at which shorn wool is supported.

The total of all payments may not at any time exceed an amount equal to 70% of the accumulated totals of the gross receipts from duties collected on and after January 1, 1953, on wool and wool products under Schedule 11 of the Tariff Act of 1930, as amended. Payments are made through the Agricultural Stabilization and Conservation County Committees and are financed by the Commodity Credit Corporation. The Corporation is authorized to be reimbursed for any expenditures made under this program. However, such reimbursement for any fiscal year is limited to an amount equal to 70% of the gross receipts from duties collected on wool and wool products during the period January 1 to December 31 preceding the beginning of such fiscal year.

The Agricultural Act of 1958 extended the National Wool Act to March 31, 1962. It also provided that 70% of all tariff duties (specific and ad valorem) collected from wool, instead of only the specific duties, may be used in making payments.

1957 Program

Payments under the 1957 program, estimated at \$17,100,000, the greater part of which was made early in the fiscal year 1959, were announced at 15.5% of the dollar returns each producer received from the sale of shorn wool during the 1957 marketing year, which would bring the national average return per pound to all producers up to the incentive level of 62¢ per pound. The payment rate on lambs (pulled wool compensating payments) was 33¢ per hundred-weight of live unshorn lambs sold. As the market price for mohair remained at a sufficiently high level during the 1957 marketing year, no payments were required.

1958 Program

For the 1958 marketing year the incentive level remains at 62¢ per pound for shorn wool, grease basis. The support price for mohair is 70¢ per pound. The payment rates for the 1958 program will be determined in mid-1959 after all producer returns from the 1958 marketings have been filed. Payments estimated at \$75,000,000 (\$63,000,000 for shorn wool, \$10,000,000 for unshorn lambs, and \$2,000,000 for mohair) will be made during the fiscal year 1960. Under the 1958 program each producer who owns lambs for 30 days or more and sells the lambs unshorn for any purpose will be eligible for a payment. The payments will be made on the weight or weight increase of the animals that occurs during each producer's ownership. Any shorn wool incentive payments made to producers who buy unshorn lambs and later shear them will be adjusted downward by the amount of the lamb payment previous owners were eligible to receive.

1959 Program

An incentive price of 62¢ per pound for shorn wool and a mohair support price of 70¢ per pound has been announced for the 1959 marketing year program. It is estimated that payments of \$45,000,000 for shorn wool and \$8,000,000 for unshorn lambs (total \$53,000,000) will be made for the 1959 marketing year.

Summary:

The following statement reflects a summary of the actual and estimated incentive payments compared with the limitation on such payments:

70% of specific customs receipts on wool:

January 1, 1953 to December 31, 1955 (actual)	\$90,977,826
January 1, 1956 to December 31, 1956 (actual) (basis for reimbursement to CCC in fiscal year 1958)	29,671,679
January 1, 1957 to December 31, 1957 (actual) (basis for reimbursement to CCC in fiscal year 1959)	<u>24,453,099</u>
Total through calendar year 1957 (actual)	145,102,604

1955 marketing year

Payments in fiscal year 1957 (actual)	<u>-57,609,385</u>
Balance of limitation available after 1955 marketing year payments	87,493,219
70% of all customs receipts on wool - calendar year 1958 (basis for reimbursement to CCC in fiscal year 1960) (estimate)	47,630,000

1956 marketing year

Payments in fiscal year 1958	<u>-\$51,915,148</u>
Balance of limitation available after 1956 marketing year payments	83,208,071
70% of all estimated customs receipts on wool-- calendar year 1959 (basis for reimbursement to CCC in fiscal year 1961)	49,500,000

1957 marketing year

Payments in fiscal year 1959 (estimate)	-17,100,000 ¹ / ₁
Balance of limitation available after 1957 marketing year payments	115,608,071

1958 marketing year

70% of additional customs receipts (other than specific duties) on wool, January 1, 1953 - December 31, 1957 (actual)	<u>85,881,515</u>
Limitation available (estimate)	201,489,586
Payments in fiscal year 1960 (estimate)	-75,000,000 ² / ₂
Balance of limitation available after 1958 marketing year (estimate)	126,489,586

1959 marketing year

Payments in fiscal year 1961 (estimate)	<u>-53,000,000</u>
Balance of limitation available after 1959 marketing year (estimate)	73,489,586
70% of all estimated customs receipts on wool-- calendar year 1960 (basis for reimbursement to CCC in fiscal year 1962)	49,500,000

1960 marketing year

Payments in fiscal year 1962 (estimate)	<u>-50,000,000</u>
Balance of limitation available after 1960 marketing year (estimate)	72,989,586
70% of all estimated customs receipts on wool--calendar year 1961 (basis for reimbursement to CCC in fiscal year 1963)	49,500,000

1961 marketing year

Payments in fiscal year 1963 (estimate)	<u>-\$50,000,000</u>
Balance of limitation available after 1961 marketing year (estimate)	72,489,586
70% of all estimated customs receipts on wool-- January 1 - March 31, 1962	<u>12,300,000</u>
Balance of limitation (estimate)	84,789,586

1/ Good prices for shorn wool received by producers for their marketings in April, May and June, 1957 was the dominant factor in establishing the national average price of 53.7¢ per pound for the year. This price resulted in a small Government payment (8.3¢ per pound) in order to bring the national average price received by all producers up to the announced incentive level of 62¢ per pound. A continuous decline in prices during the remainder of the marketing year caused producers to hold their wool for better prices, which did not materialize. Heavy marketings of this wool, in addition to the current clip, will be made in the 1958 marketing year, accounting for greatly increased payments in fiscal year 1960, due to both the estimated increase in volume of wool on which payments will be made and the estimated higher incentive payment rate.

2/ Includes \$2,000,000 for mohair payments.

Sales Promotion - In August 1955, in a referendum called by the Secretary of Agriculture, as provided in Section 708 of the National Wool Act, 72% of producers voting approved an agreement previously entered into by the Secretary with the American Sheep Producers Council, Incorporated, for the conduct of an extensive advertising, sales promotion and market-development program for wool, sheep, or the products thereof. The expense of this program is financed from deductions from the wool payments due producers in each marketing year. The program is designed to improve and expand the market for the industry's products and ultimately to reduce the extent of Government price assistance required.

Receipts from deductions and Council expenses (or, in the case of fiscal year 1959, the approved budget) are:

Receipts from 1955 Wool Program	\$3,127,865.86 ^{1/}
Expenses and commitments, 9/12/55-6/30/56	-372,810.46
Expenses, fiscal year 1957	<u>-1,413,210.10</u>
Balance 6/30/57	\$1,341,845.30

Receipts from 1956 Wool Program	\$3,083,134.91 ^{2/}
Expenses, fiscal year 1958	<u>-2,093,426.26^{3/}</u>
Balance 6/30/58	\$2,331,553.95

Estimated receipts from 1957 Program	\$2,050,000.00
Budget approved, fiscal year 1959	<u>-2,452,000.00^{4/}</u>
Estimated balance for future operations, 6/30/59	\$1,929,553.95

- ^{1/} Includes \$28,690.26 interest and \$271.72 miscellaneous income.
- ^{2/} Includes \$60,957.15 interest and \$3,508.90 miscellaneous income.
- ^{3/} Includes commitment of \$145,368.12 not due or payable until after July 1, 1958.
- ^{4/} It is expected that actual obligations will be somewhat less than the approved amount.

Advertising and promotional contracts are entered into by the Council with private firms. These firms undertake programs under the guidance of the Council directed at creating a greater consumer demand for lamb and wool. The Council also does some work directly in this field, especially with reference to lamb merchandising. The budget is divided between lamb and wool in about the same proportion as they account for the producers' sales dollars, with about 60% of the funds allotted for advertising and promoting lamb and about 40% for advertising and promoting wool.

In earlier years the accounts of the Council were audited by the Internal Audit Division of the Agricultural Marketing Service but for the 1958 fiscal year the audit was made by a private accounting firm in accordance with standards agreed on by the AMS and the Council. In addition, the accounts of the principal contractors through which Council funds are expended are being audited by AMS as such accounts relate to Council contracts.

Payments by States: The payments, by states, on the 1956 program, through June 30, 1958 and on the 1957 program through August 31, 1958, are shown in the following tables:

Payments, by States under the
1956 Wool Program, Through June 30, 1958

State	Shorn Wool		Unshorn Lambs		Total Payments	Promotion Deduction	Payments to Producers
	Pounds (Thous.)	Payments	Pounds (Thous.)	Payments			
Ala.	321	\$51,396	961	\$8,798	\$60,194	\$3,463	\$56,731
Ariz.	2,939	466,306	12,306	86,937	553,243	34,798	518,445
Ark.	319	60,539	1,274	13,554	74,093	3,799	70,294
Calif.	20,323	3,636,527	71,584	460,520	4,097,047	225,443	3,871,604
Colo.	13,653	2,263,036	113,218	633,440	2,896,476	175,639	2,720,837
Conn.	31	5,746	14	98	5,844	319	5,525
Del.	19	3,481	83	585	4,066	233	3,833
Fla.	23	3,642	-	-	3,642	216	3,426
Ga.	192	32,857	561	3,878	36,735	2,104	34,631
Idaho	12,383	2,174,602	113,825	675,738	2,850,340	168,933	2,681,407
Ill.	4,465	723,827	36,799	169,096	892,923	54,078	838,845
Ind.	3,538	612,127	21,986	132,904	745,031	44,394	700,637
Iowa	9,862	1,623,323	71,708	352,928	1,976,251	115,513	1,860,738
Kansas	3,882	541,018	23,363	149,920	690,938	46,482	644,456
Ky.	3,954	722,759	34,692	244,187	966,946	56,527	910,419
La.	425	62,220	284	6,382	68,602	4,376	64,226
Maine	141	27,126	430	3,030	30,156	1,624	28,532
Md.	207	37,742	1,096	7,686	45,428	2,615	42,813
Mass.	73	12,649	46	1,727	14,376	749	13,627
Mich.	3,445	596,430	14,852	122,474	718,904	40,206	678,698
Minn.	6,159	1,020,577	37,585	218,257	1,238,834	72,474	1,166,360
Miss.	439	72,961	1,355	9,082	82,043	5,013	77,030
Mo.	6,027	995,597	38,917	249,707	1,245,304	76,005	1,169,299
Mont.	14,670	2,640,471	73,013	511,091	3,151,562	178,876	2,972,686
Nebr.	4,127	618,062	38,670	161,934	779,996	43,837	736,159
Nev.	2,976	493,662	15,309	143,249	636,911	36,854	600,057
N. H.	40	7,180	46	289	7,469	420	7,049
N. J.	49	11,715	689	303	12,018	602	11,416
N. Mex.	11,905	1,928,667	27,254	226,048	2,154,715	130,302	2,024,413
N. Y.	1,065	201,419	5,711	35,769	237,188	13,146	224,042
N. C.	216	40,162	1,422	10,818	50,980	2,860	48,120
N. Dak.	5,824	900,357	30,976	178,487	1,078,844	64,226	1,014,618
Ohio	11,009	2,022,296	32,265	212,128	2,234,424	123,720	2,110,704
Okla.	1,574	205,006	8,332	54,960	259,966	19,031	240,935
Oregon	6,793	1,231,300	35,934	241,534	1,472,834	82,905	1,389,929
Pa.	1,604	289,505	3,816	27,010	316,515	17,933	298,582
R. I.	11	2,166	27	183	2,349	127	2,222
S. C.	55	10,282	95	653	10,935	580	10,355
S. Dak.	11,454	2,058,826	78,485	433,554	2,492,380	142,456	2,349,924
Tenn.	1,361	248,875	12,502	87,479	336,354	19,769	316,585
Texas	45,638	8,217,686	98,308	627,735	8,845,421	495,466	8,349,955
Utah	12,611	2,098,768	76,776	425,599	2,524,367	155,812	2,368,555
Vt.	56	10,639	198	1,184	11,823	644	11,179
Va.	1,689	332,436	15,649	113,520	445,956	24,575	421,381
Wash. 1/	2,638	445,337	16,710	103,369	548,706	32,508	516,198
W. Va.	1,541	307,425	12,769	90,441	397,866	21,770	376,096
Wis.	1,695	311,014	10,365	62,762	373,776	21,124	352,652
Wyo.	22,057	3,661,945	85,943	572,432	4,234,377	259,921	3,974,456
Total	255,478 ^{2/}	44,041,689	1,278,203 ^{2/}	7,873,459	51,915,148	3,024,467	48,890,681

1/ Includes Alaska and Hawaii

2/ Gross unadjusted poundage

Payments, by States under the
1957 Wool Program, Through August 31, 1958

Date	Shorn Wool		Unshorn Lambs		Total Payments	Promotion Deduction	Payments to Producers
	Pounds (Thous.)	Payments	Pounds (Thous.)	Payments			
Ala.	269	\$21,721	994	\$4,816	\$26,537	\$3,176	\$23,361
Ariz.	1,234	104,513	10,523	34,316	138,829	17,549	121,280
Ark.	373	30,708	1,803	5,633	36,341	4,517	31,824
Calif.	10,258	858,895	65,296	214,146	1,073,041	128,108	944,933
Colo.	7,252	572,961	101,875	261,948	834,909	110,235	724,674
Conn.	32	2,883	14	61	2,944	325	2,619
Del.	22	2,021	115	234	2,255	274	1,981
Fla.	20	1,468	-	63	1,531	202	1,329
Ga.	249	21,703	1,042	3,556	25,259	2,991	22,268
Idaho	7,059	558,280	107,746	310,653	868,933	114,623	754,310
Ill.	3,562	261,871	30,963	63,300	325,171	43,498	281,673
Ind.	2,266	161,486	14,228	41,652	203,138	28,502	174,636
Iowa	7,030	535,007	67,532	134,104	669,111	86,922	582,189
Kansas	2,230	139,347	17,912	45,199	184,546	29,240	155,306
Ky.	3,798	329,897	32,273	98,250	428,147	53,637	374,510
La.	450	35,080	345	1,238	36,318	4,632	31,686
Maine	158	13,878	528	1,622	15,500	1,814	13,686
Md.	158	13,009	1,192	3,801	16,810	2,140	14,670
Mass.	66	6,277	46	390	6,667	685	5,982
Mich.	1,742	116,660	13,655	42,437	159,097	23,379	135,718
Minn.	2,895	205,119	33,294	88,454	293,573	39,836	253,737
Miss.	462	38,309	1,182	3,736	42,045	5,139	36,906
Mo.	5,571	428,588	33,826	91,619	520,207	69,729	450,478
Mont.	10,993	932,894	65,754	218,795	1,151,689	138,933	1,012,756
Nebr.	2,284	132,447	30,254	58,724	191,171	26,568	164,603
Nev.	2,230	193,687	13,902	44,955	238,642	28,940	209,702
N. H.	37	3,006	45	141	3,147	390	2,757
N. J.	57	5,217	264	86	5,303	605	4,698
N. Mex.	2,454	208,082	17,343	109,622	317,704	32,584	285,120
N. Y.	861	69,137	5,876	15,595	84,732	10,937	73,795
N. C.	228	19,563	1,432	4,830	24,393	2,896	21,497
N. D.	3,427	274,714	33,337	86,946	361,660	47,045	314,615
Ohio	5,995	400,082	18,850	44,867	444,949	67,940	377,009
Okla.	1,382	96,027	8,416	25,977	122,004	17,711	104,293
Oregon	4,559	429,847	30,109	92,619	522,466	58,777	463,689
Pa.	1,438	136,106	3,550	11,081	147,187	16,078	131,109
R. I.	12	1,091	31	95	1,186	131	1,055
S. C.	77	6,561	159	497	7,058	821	6,237
S. D.	6,444	501,417	84,518	193,158	694,575	93,044	601,531
Tenn.	1,501	130,667	11,659	37,330	167,997	20,521	147,476
Texas	22,568	1,946,769	79,154	256,924	2,203,693	260,411	1,943,282
Utah	7,821	641,029	67,743	191,821	832,850	105,721	727,129
Vt.	56	4,536	162	500	5,036	633	4,403
Va.	1,082	102,283	15,002	46,589	148,872	17,732	131,140
Wash.	1,189	109,670	10,109	32,357	142,027	16,524	125,503
W. Va.	1,443	126,796	11,479	38,745	165,541	19,559	145,982
Wisc.	621	45,498	9,674	27,260	72,758	10,199	62,559
Wyo.	12,923	1,041,162	81,549	251,391	1,292,553	166,473	1,126,080
Total	148,838	12,017,969	1,136,755	3,242,133	15,260,102	1,932,326	13,327,776

1/ Gross unadjusted poundage.

SPECIAL ACTIVITIES
Reimbursement to Commodity Credit Corporation for
Costs of Special Activities

Purpose Statement

The funds and facilities of the Commodity Credit Corporation have been utilized to carry out surplus-disposal programs and other special activities outside of its regular functions for which the Corporation is authorized to be reimbursed under the following specific legislation:

1. International Wheat Agreement - This Agreement operates through July 31, 1959 to provide an assured market for wheat to exporting countries and assured supplies of wheat to importing countries, at stable and equitable prices.

Under authority contained in the International Wheat Agreement Act of 1949, as amended (7 U.S.C. 1641-1642), capital funds of Commodity Credit Corporation and CCC stocks of wheat are used to pay (a) the difference between the prevailing price under the Agreement and the domestic market price of wheat, and (b) administrative and interest costs. The differential payment for wheat exported under the Agreement is paid in CCC stocks of wheat, and a cash payment is made for flour. The Act also authorizes appropriations to reimburse the Corporation for costs incurred.

2. Emergency Famine Relief to Friendly Peoples - Title II of the Agricultural Trade Development and Assistance Act of 1954, P. L. 480, as amended (7 U.S.C. 1703, 1721-1724), directs the Commodity Credit Corporation to make its surplus stocks of agricultural commodities available to the President for famine relief and other assistance to friendly nations and populations and to pay ocean freight charges through December 31, 1959, and authorizes the appropriation of not more than \$800,000,000 to reimburse the Corporation.

3. Sales of Surplus Agricultural Commodities for Foreign Currencies - Title I of the Agricultural Trade Development and Assistance Act of 1954, P.L. 480, as amended (7 U.S.C. 1701-1709), authorizes the President, until December 31, 1959, to carry out a program for the sale of surplus agricultural commodities for foreign currencies. The Act provides that Commodity Credit Corporation shall make available for sale to domestic exporters surplus agricultural commodities heretofore or hereafter acquired by the Corporation in the administration of its price-support operations, and shall make funds available to finance the sale and exportation of surplus agricultural commodities, whether from private stocks or from stocks of the Commodity Credit Corporation.

The Act further provides various specified uses of the foreign currencies by any department or agency of the Government and requires reimbursement to Commodity Credit Corporation by the agency using such funds if appropriations have been made for any of the specified uses. To the extent the Corporation is not thus reimbursed by other agencies, the Act authorizes appropriations to

reimburse Commodity Credit Corporation for its investment in commodities used under the Act including processing, packaging, transportation and handling costs, and for costs incurred in financing the exportation of commodities, and limits transactions requiring appropriations to \$6.25 billion.

4. Transfer of Bartered Materials to Supplemental Stockpile - Under Title II of the Agricultural Act of 1956 (7 U.S.C. 1856) the Corporation is directed to transfer strategic and critical materials acquired as a result of barter and exchange of agricultural commodities, other than those acquired for the national stockpile or for other purposes, to the supplemental stockpile. Appropriations to reimburse the Corporation for the value of materials transferred are authorized by the Act.
5. Grain for Migratory Waterfowl - The Act of July 3, 1956 (7 U.S.C. 442-446) authorizes the Commodity Credit Corporation to make available to the Secretary of Interior through July 3, 1959, grain from CCC stocks for use as feed for migratory waterfowl to prevent crop damage. This Act also authorizes the appropriation of sums to reimburse the Corporation for its investment in the grain.
6. Animal Disease Eradication Activities - (a) Eradication of vesicular exanthema. The Department of Agriculture and Farm Credit Administration Appropriation Acts of 1958 and 1959 authorize the advance of funds from the Commodity Credit Corporation to the Agricultural Research Service to carry out this program through June 30, 1959. The Corporation is reimbursed for these advances. The 1960 Department Estimates propose a direct appropriation to ARS for this program.

(b) Eradication of brucellosis. Section 204(e) of the Agricultural Act of 1954, as amended (7 U.S.C. 397) authorizes the transfer of not to exceed \$20,000,000 for fiscal year 1958 of Commodity Credit Corporation funds to the appropriation "Salaries and Expenses, Agricultural Research Service, Plant and Animal Disease and Pest Control" for the operation of the accelerated brucellosis program. An appropriation to reimburse the Corporation is authorized by the Act. Beginning in the 1959 fiscal year, a direct appropriation was made to ARS for this program.
7. Grading and Classing Activities - The Department of Agriculture Appropriation Act of 1952 (7 U.S.C. 414a) authorizes transfers of Commodity Credit Corporation nonadministrative funds to appropriations available for classing and grading agricultural commodities without charge to producers. Transfers are made to the Agricultural Marketing Service for classing cotton and grading tobacco not placed under price support loan. The Act authorizes appropriation to reimburse the Corporation for such transfers, plus interest.

It is anticipated that a supplemental appropriation of \$1,336,754,811 will be made in 1959 to reimburse the Corporation for the 1958 costs for these items, and an appropriation of \$1,268,097,500 is requested in 1960 for 1959 costs as follows:

	Anticipated Supplemental Appropriation, 1959 <u>(1958 costs)</u>	Appropriation, 1960 <u>(1959 estimated costs)</u>
Appropriated funds:		
1. International Wheat Agreement	\$80,800,000	\$63,875,000
2. Emergency famine relief to friendly peoples	119,270,000	104,508,000
3. Sales of surplus agricultural commodities for foreign currencies	1,033,515,000	968,016,000
4. Transfer of bartered materials to supplemental stockpile	82,250,335	129,000,000
5. Grain for migratory waterfowl	18,506	35,000
6. Animal disease eradication activities	19,390,100	1,056,500
7. Grading and classing activities	<u>1,510,870</u>	<u>1,607,000</u>
Total	<u><u>1,336,754,811</u></u>	<u><u>1,268,097,500</u></u>

REIMBURSEMENT TO COMMODITY CREDIT CORPORATION
FOR COSTS OF SPECIAL ACTIVITIES

Appropriation Act, 1959	- -
Proposed supplemental, 1959	\$1,336,754,811
Base for 1960	1,336,754,811
Budget Estimate, 1960	1,268,097,500
Decrease	<u>-68,657,311</u>

PROJECT STATEMENT

Project	1958	1959 (estimated)	Increase (+) or Decrease (-)	1960 (estimated)
Reimbursement to CCC				
for:				
1. International				
Wheat Agreement	\$182,926,942	\$80,800,000	-\$16,925,000(1)	\$63,875,000
2. Emergency famine:				
relief to friend-				
ly peoples	220,244,906	119,270,000	-14,762,000(2)	104,508,000
3. Sales of surplus:				
agricultural com-				
modities for for-				
eign currencies	1,927,841,000	1,033,515,000	-65,499,000(3)	968,016,000
4. Transfer of bar-				
tered materials				
to supplemental				
stockpile	218,946,145	82,250,335	+46,749,665(4)	129,000,000
5. Grain for migra-				
tory waterfowl				
feed	4,609	18,506	+16,494(5)	35,000
6. Advances to				
Agricultural Re-				
search Service				
for:				
(a) Eradication				
of vesicular				
exanthema of				
swine	3,244,581	1,280,900	-224,400(6)	1,056,500
(b) Eradication				
of brucellosis	34,275,861	18,109,200	-18,109,200(7)	- -
7. Advances to Agri-				
cultural Market-				
ing Service for				
advances for				
classing cotton				
and grading to-				
bacco	1,209,003	1,510,870	+96,130(8)	1,607,000
Unobligated balance ..	3,632	- -	- -	- -
Total available or				
estimate	2,588,696,679	1,336,754,811	-68,657,311	1,268,097,500

(Continued on next page)

Project	1958	1959 (estimated)	Increase (+) or: Decrease (-)	1960 (estimated)
Transferred to "Market- ing Research and Service"	+11,427:	- -	:	:
Proposed supplemental for 1958 costs	- -	-1,336,754,811:	:	:
Total appropriation or estimate	a/ 2,588,708,106:	- -	:	:

a/ Consists of \$843,076,238 provided in the 1958 Department of Agriculture and Farm Credit Administration Appropriation Act covering 1956 costs, and \$1,745,631,868 provided in the Second Supplemental Appropriation Act, 1958, covering 1957 costs.

Basis for Estimate

This appropriation of \$1,268,097,500 is proposed to reimburse the Commodity Credit Corporation in fiscal year 1960 for the estimated fiscal year 1959 costs of the special programs listed above. On this basis the reimbursements to the Corporation would be provided one year earlier than has heretofore been the practice. Previously the reimbursement has been provided approximately one year after the close of the fiscal year in which the cost was incurred.

The change to shorten the delay in the repayment to the Corporation is proposed primarily to relieve the burden on the CCC statutory borrowing authorization and make this reimbursement available at an earlier date for the price support and related programs of the Corporation. The funds advanced by CCC for these special activities are chargeable to the borrowing authorization. On the previous basis of reimbursing CCC, the cost of these special programs over a two-year period must be covered within the borrowing authorization. The scope of these special programs is now such that the borrowing authority is not adequate to provide for them on this basis and permit the Corporation to conduct its regular activities. Accordingly, it is proposed to provide the appropriation to reimburse CCC for the cost of the special activities in the Appropriation Act for the immediately succeeding fiscal year.

The proposed appropriation is based on the best estimates available at this time of the 1959 costs of the special activities. Only the amounts actually due would be transferred to CCC in 1960. Any amounts unneeded to reimburse CCC for the actual cost of the programs would remain in the appropriation and would revert to the Treasury. If the 1959 actual costs for the programs should exceed the appropriation made in 1960, the necessary additional amount would be included in the appropriation requested for the fiscal year 1961.

INCREASES AND DECREASES

(1) International Wheat Agreement ---

A decrease of \$16,925,000 for 1959 costs compared with 1958 costs, as follows:

	<u>1959 Anticipated Supplemental (1958 Costs)</u>	<u>1960 Budget Estimate (1959 Estimated Costs)</u>	<u>Decrease (-)</u>
Program costs	\$78,727,420	\$63,400,000	-\$15,327,420
Interest expense	2,072,580	475,000	-1,597,580
Total estimate	<u>80,800,000</u>	<u>63,875,000</u>	<u>-16,925,000</u>

Program costs. The 1960 estimate reflects shipment of 105 million bushels at an average of 60 cents a bushel, totaling \$63,400,000, including administrative expenses, compared with \$78,727,420, the 1959 program costs, representing 105,703,391 bushels at an average of 74 cents a bushel. The decrease of \$15,327,420 results from an anticipated increase in the proportionate amount of payments to be made on wheat exports, at the lower rate a bushel applicable thereto, rather than on wheat flour at the higher rate. Following is a breakdown of costs by country:

UNITED STATES DEPARTMENT OF AGRICULTURE
Commodity Stabilization Service

Wheat and Wheat Flour (bushel equivalent) Exported from the United States
Pursuant to the Terms of the International Wheat Agreement

Importing Country	Fiscal Year 1959 Anticipated				1960 Budget Estimate			
	Supplemental (1958, Costs)				(1959 Estimated Costs)			
	Bushels	Amount Due CCC	Average Cost to CCC per Bushel		Bushels	Amount Due CCC	Average Cost to CCC per Bushel	
Belgium	1,768,476	\$1,517,507	\$.86		1,757,000	\$1,216,000		\$.69
Bolivia	1,080,872	993,067	.92		1,074,000	795,000		.74
Costa Rica	1,016,461	859,531	.85		1,010,000	688,000		.68
Ceylon	17,207	12,906	.75		17,000	10,000		.59
Cuba	8,127,476	7,143,680	.88		8,073,000	5,723,000		.71
Denmark								
Dominican Republic	1,090,789	699,004	.64		1,084,000	560,000		.52
Ecuador	706,502	614,335	.87		701,000	492,000		.70
El Salvador	514,038	320,352	.62		510,000	257,000		.50
Germany	709,558	613,353	.86		705,000	491,000		.70
	22,152,533	16,368,995	.74		22,005,000	13,113,000		.60
Greece								
Guatemala	550,857	457,211	.83		547,000	366,000		.67
Haiti	1,503,546	1,065,255	.71		1,493,000	853,000		.57
Honduras	1,738,980	1,476,502	.85		1,727,000	1,183,000		.69
Iceland	313,600	237,274	.76		312,000	190,000		.61
	23,589	20,245	.86		23,000	16,000		.70
India								
Indonesia	7,290,050	4,244,512	.58		7,242,000	3,400,000		.47
Ireland	187,156	160,220	.86		186,000	128,000		.69
Israel	364,762	207,919	.57		362,000	167,000		.46
Italy	4,694,650	2,860,535	.61		4,663,000	2,292,000		.49
	350,000	196,000	.56		348,000	157,000		.45
Japan								
Jordan	24,917,678	17,432,086	.70		24,752,000	13,965,000		.56
Korea	52,359	44,505	.85		52,000	36,000		.69
Lebanon	203,840	114,150	.56		203,000	91,000		.45
	5,505	5,507	1.00		5,000	4,000		.80
Liberia	48,107	43,862	.91		48,000	35,000		.73

Importing Country	Fiscal Year 1959 Anticipated				1960 Budget Estimate			
	Supplemental (1958 Costs)				(1959 Estimated Costs)			
	Bushels	Amount Due CCC	Average Cost to CCC per Bushel		Bushels	Amount Due CCC	Average Cost to CCC per Bushel	
Mexico	117,671	67,072	.57		117,000	54,000		.46
Netherlands	9,355,178	7,679,039	.82		9,293,000	6,152,000		.66
Nicaragua	254,803	231,862	.91		253,000	186,000		.74
Norway	1,587,049	1,289,308	.81		1,576,000	1,033,000		.66
New Zealand	145,961	83,198	.57		145,000	67,000		.46
Panama	634,152	571,443	.90		630,000	458,000		.73
Peru	1,309,868	802,852	.61		1,301,000	643,000		.49
Philippines	3,391,779	3,076,154	.91		3,369,000	2,464,000		.73
Portugal	652,157	502,566	.77		648,000	403,000		.62
Saudi Arabia	762,635	493,841	.65		757,000	396,000		.52
Sweden	3,886	3,670	.94		4,000	3,000		.75
Switzerland	337,003	188,711	.56		335,000	151,000		.45
Union of South Africa	443,676	248,458	.56		441,000	199,000		.45
Vatican City	854,380	527,574	.62		849,000	423,000		.50
Venezuela	4,323,029	3,773,214	.87		4,295,000	3,023,000		.70
Yugoslavia	2,101,573	1,624,791	.77		2,088,000	1,302,000		.62
Unidentified Collections	-	-302,790	-		-	-		-
Total Payments	105,703,391	78,569,976	.74		105,000,000	63,185,000		.60
Administrative Cost	-	157,444	-		-	215,000		-
Total Program Cost	-	78,727,420	.74		-	63,400,000		.60
Interest	-	2,072,580	.02		-	475,000		.01
TOTAL ESTIMATE	105,703,391	80,800,000	.76		105,000,000	63,875,000		.61

Interest expense. The 1960 estimate of \$475,000 reflects interest accruing to the estimated recovery in July 1960 at a rate of $1\frac{1}{2}\%$ per annum on 1959 program costs, a decrease of \$1,597,580 below the \$2,072,580 in the 1959 anticipated supplemental. The latter amount is composed of \$1,174,190, interest accrued at a range between 3.535% and 3.373% per annum on 1958 costs, and \$898,390, interest accruing at $1\frac{1}{2}\%$ per annum on unrecovered 1958 costs for 9 months in 1959 to the anticipated date of recovery.

(2) Emergency famine relief to friendly peoples ---

A decrease of \$14,762,000 for 1959 costs compared with 1958 costs as follows:

	1959 Anticipated Supplemental (1958 Costs)	1960 Budget Estimate (1959 Estimated Costs)	Decrease (-)
Program costs	\$116,001,011	\$103,730,000	-\$12,271,011
Interest expense	3,268,989	778,000	-2,490,989
Total estimate	<u>119,270,000</u>	<u>104,508,000</u>	<u>-14,762,000</u>

Program Costs. The 1960 estimate reflects (a) the Corporation's investment of \$63,399,500 in commodities delivered compared with \$88,102,981 in 1959, a decrease of \$24,703,481; (b) ocean freight charges to point of entry abroad on such commodities of \$10,486,000 compared with \$7,149,499 in 1959, and increase of \$3,336,501; and (c) ocean freight charges authorized by the Agricultural Act of 1956 on commodities valued at \$193,355,555 donated under Section 416 of the Agricultural Act of 1949 of \$29,844,500, compared with \$20,748,531 on donations of \$254,331,534 in 1959, an increase of \$9,095,969. Following is a breakdown of costs by commodity:

	:	:	1959 Anticipated		:	1960 Budget Estimate	
	:	Unit	Supplemental		:	(1959 Estimated Costs)	
	:	of	(1958 Costs)		:	(1959 Estimated Costs)	
	:	Measure:	Quantity	Amount	:	Quantity	Amount
Cotton, extra long	:		:	:	:	:	:
staple	:	bale	:	-	:	-	-
Cotton, upland	:	bale	:	26,593: \$5,101,001:	:	25,000:	\$3,600,000
Butter	:	lb.	:	311,670: 204,813:	:	-	-
Butter oil	:	lb.	:	-	:	-	-
Cheese	:	lb.	:	7,379,760: 3,163,944:	:	1,500,000:	582,000
Milk, dried	:	lb.	:	39,164,250: 7,313,917:	:	30,000,000:	4,590,000
Barley	:	bu.	:	295,322: 570,369:	:	-	-
Beans, dry edible .	:	cwt.	:	15,242: 124,695:	:	50,000:	415,000
Corn	:	bu.	:	5,899,820: 16,915,335:	:	2,000,000:	6,060,000
Cornmeal	:	lb.	:	13,589,720: 1,242,479:	:	-	-
Grain sorghums	:	cwt.	:	-	:	560,000:	1,900,000
Rice, milled	:	cwt.	:	479,605: 5,036,700:	:	600,000:	6,900,000
Rye flour	:	lb.	:	-	:	-	-
Wheat	:	bu.	:	10,229,233: 35,493,270:	:	10,500,000:	37,170,000
Wheat flour	:	lb.	:	146,440,840: 12,936,458:	:	24,250,000:	2,182,500
Cottonseed oil,	:		:	:	:	:	:
refined	:	lb.	:	-	:	-	-
Total Commodity :	:		:	:	:	:	:
Cost	:		:	xxx : 88,102,981:	:	xxx :	63,399,500

(Continued on next page)

	:	:	1959 Anticipated	:	:
	:	Unit	:	Supplemental	:
	:	of	:	(1958 Costs)	:
	:	Measure:	Quantity	Amount	Quantity
	:	:	:	:	Amount
Ocean freight on	:	:	:	:	:
above commodities	:	:	xxx	7,149,499:	xxx
Ocean freight on	:	:	:	:	:
commodities	:	:	:	:	:
donated under Sec-	:	:	:	:	:
tion 416, Agricul-	:	:	:	:	:
tural Act of 1949	:	:	xxx	20,748,531:	xxx
Total program	:	:	:	:	:
cost	:	:	xxx	116,001,011:	xxx
Interest	:	:	xxx	3,268,989:	xxx
Total estimate ..	:	:	xxx	119,270,000:	xxx

Interest expense. The 1960 estimate of \$778,000 reflects interest accruing to the estimated recovery in July 1960 at a rate of $1\frac{1}{2}\%$ per annum on 1959 program costs, a decrease of \$2,490,989 below the \$3,268,989 in the 1959 anticipated supplemental. The latter amount is composed of \$1,942,887, interest accrued at a range between 3.535% and 3.373% per annum on 1958 costs, and \$1,326,102, interest accruing at $1\frac{1}{2}\%$ per annum on unrecovered 1958 costs for 9 months in 1959 to the anticipated date of recovery.

(3) Sales of surplus agricultural commodities for foreign currencies ---

A decrease of \$65,499,000 in 1959 costs compared with 1958 costs, as follows:

	1959 Anticipated Supplemental (1958 Costs)	1960 Budget Estimate (1959 Estimated Costs)	Increase (+) or Decrease (-)
<u>Costs</u>			
Program costs	\$1,089,007,674	\$1,100,000,000	+\$10,992,326
Interest expense	67,208,237	9,352,075	-57,856,162
Unrecovered prior years'			
costs	86,780,362	137,967,045	+51,186,683
Subtotal	<u>1,242,996,273</u>	<u>1,247,319,120</u>	<u>+4,322,847</u>
<u>Reimbursements</u>			
In dollars	<u>71,514,228</u>	<u>72,239,166</u>	<u>+724,938</u>
In future years:			
Dollars	64,280,501	72,091,000	+7,810,499
Military housing			
rental	87,419,544	147,228,432	+59,808,888
Less provision for			
loss on exchange			
rates	<u>-13,733,000</u>	<u>-12,255,478</u>	<u>+1,477,522</u>
Net recovery in			
future years	<u>137,967,045</u>	<u>207,063,954</u>	<u>+69,096,909</u>
Total reimburse-			
ments	<u>209,481,273</u>	<u>279,303,120</u>	<u>+69,821,847</u>
Total estimate	<u>1,033,515,000</u>	<u>968,016,000</u>	<u>-65,499,000</u>

Program costs. The 1960 estimate reflects (a) the cost value of commodities delivered from the Corporation's stocks of \$301,442,250 compared with \$534,256,189 in the 1959 anticipated supplemental, a decrease of \$232,813,939; and (b) ocean freight on such commodities and the cost of financing the sale of commodities from private stocks of \$798,557,750 compared with \$554,751,485, an increase of \$243,806,265. Following is a breakdown of costs by commodity applicable to deliveries from CCC stocks:

	Unit of Measure	1959 Anticipated Supplemental (1958 Costs)		1960 Budget Estimate (1959 Estimated Costs)	
		Quantity	Amount	Quantity	Amount
Cotton, upland ..	bale	896,855	\$166,653,206	500,000	\$72,000,000
Cotton, extra long: staple	bale	-	-	25,000	7,247,250
Butter and butter products	lb.	22,707,374	14,530,600	17,000,000	10,217,000
Cheese	lb.	9,551,236	3,817,862	2,000,000	776,000
Milk, dried	lb.	60,610,803	9,989,867	65,000,000	9,660,000
Barley	bu.	13,688,009	21,287,808	5,000,000	8,200,000
Beans, dry edible	cwt.	-	-	-	-
Corn	bu.	17,625,825	47,537,332	3,900,000	11,154,000
Flaxseed	bu.	28,351	102,835	-	-
Grain sorghums ..	cwt.	2,612,659	8,496,247	2,240,000	7,520,000
Oats	bu.	713,807	929,859	1,000,000	1,370,000
Rye	bu.	-	-	1,200,000	1,548,000
Rice, milled	cwt.	4,657,911	47,535,091	1,100,000	11,550,000
Rice, rough	cwt.	192,701	963,798	-	-
Wheat and wheat flour	bu.	60,856,782	212,411,684	45,000,000	160,200,000
Cottonseed oil, refined	lb.	-	-	-	-
Linseed oil	lb.	-	-	-	-
Total CCC Stocks:		xxx	534,256,189	xxx	301,442,250
Private stocks, ocean transport- ation and other costs		xxx	554,751,485	xxx	798,557,750
Total program costs		xxx	1,089,007,674	xxx	1,100,000,000

Interest expense. The 1960 estimate of \$9,352,075 reflects interest accruing to the estimated recovery in July 1960 on fiscal year 1959 program costs at the rate of $1\frac{1}{2}\%$ per annum, a decrease of \$57,856,162 below \$67,208,237, the anticipated 1959 supplemental. The latter amount is composed of \$16,903,199, interest on fiscal year 1958 costs plus \$38,807,113, interest on unrestored prior years' costs, accrued at a range between 3.535% and 3.373% per annum, and \$11,497,925 interest for 9 months in fiscal year 1959 to the anticipated date of recovery accruing at the rate of $1\frac{1}{2}\%$ per annum.

Unrecovered prior years' costs. In computing the amount of appropriations, a deduction is made for estimated cash value of foreign currencies to be received in subsequent years from Treasury sales of foreign currencies used by other agencies and amounts due from Defense Department from rental receipts from military family housing constructed abroad and paid for by foreign currencies. These estimates are based on allocations of the foreign currencies made by the Bureau of the Budget as of the end of a particular year. Each year a new estimate is made of future recoveries and the unrecovered amount from the preceding year is included in the current years' appropriation.

Reimbursements in dollars. The 1960 Budget estimate of \$72,239,166 represents the dollars estimated to be received in the current year by the Corporation from Treasury sales of foreign currencies to other Government agencies and from net rental receipts from the Defense Department for military family housing. This compares with similar collections of \$71,514,228 in the preceding year, an increase of \$724,938.

Reimbursements in future years:

Dollars. The estimate of \$59,835,522 represents net amounts recoverable in future years, after provision for exchange losses, for the dollar value of currencies to be purchased from the Treasury by other agencies in subsequent years. This amount compares with \$50,547,501 in the preceding year, an increase of \$9,288,021.

Military housing rental. The estimate of \$147,228,432 represents amounts recoverable in future years from net rental receipts from the Defense Department on military family housing. This amount compares with \$87,419,544 in the preceding year, an increase of \$59,808,888.

(4) Transfer of strategic and critical materials to the supplemental stockpile ---

The 1960 Budget estimate of \$129,000,000 represents the value of the strategic and critical materials acquired by Commodity Credit Corporation by barter of agricultural commodities which were transferred to the supplemental stockpile during fiscal year 1959. This compares with similar transfers in the preceding year of \$82,250,335, an increase of \$46,749,665. Following is a listing of the costs of materials transferred in 1958, compared with the estimated 1959 costs:

Material	1959 Anticipated:	1960 Budget
	Supplemental	Estimate (1959
	(1958 Costs)	Estimated Costs)
Abrasive Crude Aluminum Oxide	\$5,991,660:	- -
Antimony Metal	1,854,658:	\$2,000,000
Asbestos Chrysolite	628,356:	- -
Bauxite	1,252,197:	20,000,000
Cadmium	2,240,720:	2,000,000
Chrome ore	- - :	3,000,000
Chromium Metal	3,431,177:	7,000,000
Cobalt	1,818,977:	- -
Crude Iodine	230,509:	- -
Exothermic Chromium Metal	849,803:	- -
Ferrochromium-Silicon	2,934,765:	20,000,000
Ferromanganese	21,894,907:	7,000,000
Electrolytic Manganese	2,161,677:	- -
Fluorspar	3,750,135:	6,000,000
Lead	9,463,614:	12,000,000
Manganese Ore	873,652:	12,000,000
Mercury	- - :	3,000,000
Palladium	479,674:	4,000,000
Quartz Crystals	- - :	1,000,000
Rare Earths	476,079:	- -
Ruthenium	- - :	1,000,000
Selenium	- - :	1,000,000
Silicon Carbide	970,026:	7,000,000
Titanium Sponge	13,877,011:	9,000,000
Zinc	7,070,738:	12,000,000
TOTAL	82,250,335:	129,000,000

(5) Grain for migratory waterfowl feed ---

The 1960 estimate reflects \$35,000, the cost value of 400 tons of grain transferred during fiscal year 1959 to the Secretary of the Interior for use to prevent crop damage by migratory waterfowl, an increase of \$16,494 over the 1959 anticipated supplemental of \$18,506 for 260 tons of grain transferred.

(6) Eradication of vesicular exanthema ---

The Department of Agriculture and Farm Credit Administration Appropriation Acts of 1958 and 1959 authorized the advance of funds from the Commodity Credit Corporation to the Agricultural Research Service to carry out a program for eradication of vesicular exanthema of swine. Indebtedness to the CCC for the 1959 costs of carrying out this program was \$224,400 less than for the 1958 costs, as indicated below:

	1959 Anticipated Supplemental (1958 Costs)	1960 Budget Estimate (1959 Estimated Costs)
Operating funds available	\$1,258,044	a/ \$1,077,000
Reappropriation of prior year balances	-44,261	-29,625
Unobligated balance	29,625	- -
Advanced from CCC	1,243,408	1,047,375
Interest costs	37,492	9,125
Total	1,280,900	1,056,500

a/ Includes supplemental estimate of \$77,000 for additional advance from CCC for increased pay costs pursuant to P.L. 85-462.

The 1960 Budget Estimates propose a direct appropriation to the Agricultural Research Service for this program.

(7) Eradication of brucellosis ---

A decrease of \$18,109,200, as follows:

	1959 Anticipated Supplemental (1958 Costs)	1960 Budget Estimate (1959 Estimated Costs)	Decrease (-)
Eradication of brucellosis	\$18,109,200	- -	\$18,109,200

Section 204(e) of Title II of the Agricultural Act of 1954, (Public Law 690, approved August 28, 1954) as amended by Public Law 465, approved April 2, 1956, provided for the transfer of not to exceed \$20,000,000 for 1958 from funds available to the Commodity Credit Corporation to the appropriation "Salaries and Expenses, Agricultural Research Service, Plant and Animal Disease and Pest Control" for the operation of the accelerated brucellosis program. Pursuant to this authorization, indebtedness to Commodity Credit Corporation for the operation of this program was incurred as follows:

	<u>1958 Costs</u>
Operating funds	\$14,654,159
Indemnity payments	3,211,095
Subtotal	<u>17,865,254</u>
Unrestored balance, 1957 interest	16,814
Estimated interest to March 31, 1959	<u>227,132</u>
Appropriation required to reimburse Commodity Credit Corporation	<u>18,109,200</u>

The Department of Agriculture and Farm Credit Administration Appropriation Act, 1959, provided a direct appropriation to Agricultural Research Service of \$20,000,000 for brucellosis eradication, for financing the program in lieu of using advances from CCC. Consequently, no appropriation is required in the fiscal year 1960 to reimburse CCC for the costs of the 1959 program.

(8) Classing cotton and grading tobacco ---

An increase of \$96,130, as follows:

	1959 Anticipated Supplemental (1958 Costs)	1960 Budget Estimate (1959 Estimated Costs)	Increase (+)
Classing cotton and grading tobacco	\$1,510,870	\$1,607,000	+\$96,130

Under the Smith-Doxey Act of 1937, farmers organized to promote improvement of cotton are eligible for free classing service. Under the Tobacco Inspection Act of 1935 tobacco producers selling tobacco at designated auction markets are eligible for free inspection and grading service. The class of cotton or the grade of tobacco placed on the commodity by a Federal cotton classer or a Federal tobacco inspector is accepted as evidence of quality when producers place their commodities under loan or offer them for sale to the Commodity Credit Corporation.

If these programs are to operate effectively and to be of maximum benefit to producers, it is necessary to maintain (a) a force of tobacco inspectors large enough to grade the tobacco on all auction floors prior to sale, and (b) a cotton classing organization which is capable of getting classification returns to producers promptly.

Based upon information now available, the demand for these services in fiscal 1959 is expected to exceed that which can be provided from available appropriations and other anticipated funds. In order to insure a prompt efficient service, funds are expected to be advanced from Commodity Credit Corporation under authority contained in the Department of Agriculture Appropriation Act, 1952.

Portion of Funds to be Advanced in 1959 Must be Repaid. A total of \$2,925,100 is expected to be advanced from Commodity Credit Corporation for the classing and grading work. The portion of this amount which is attributable to the cost of classing or grading cotton and tobacco expected to be placed under price support will be borne by the Commodity Credit Corporation. Therefore, this appropriation estimate represents the net amount estimated to be needed for providing these services for the quantities not going under loan, plus interest.

The basis for the amount requested for reimbursement in fiscal 1960 including interest is as follows:

Cotton:

Estimated total number of classings to be made by	
Federal employees	17,500,000
Estimated cost of these classings	\$3,883,250
Average cost per classing	22.19¢
Estimated total bales classed under Smith-Doxey	
Act going under loan	5,000,000
Estimated advance from CCC	\$1,944,000
Less: Estimated cost of classing	
loan cotton (5,000,000 x	
22.19)	1,109,500
To be repaid CCC	834,500

Tobacco:

Estimated total quantity of tobacco to be inspected	
and graded at auction markets (lbs.)	1,632,034,000
Estimated cost of tobacco inspection at	
designated markets	\$2,864,000
Estimated quantity expected to be placed under	
loan (lbs.)	127,000,000
Percent of total value expected to be entering	
loan	7.44%
Estimated advance from CCC	\$981,100
Less: Estimated cost of inspect-	
ing loan tobacco (7.44%	
of \$2,864,000)	213,000
To be repaid CCC	768,100
Total amount to be repaid:	
Cotton	834,500
Tobacco	768,100
Total	1,602,600
Interest	4,400
Appropriation estimate, 1960	1,607,000

CHANGE IN LANGUAGE

The estimates include proposed new language for this item, as follows:

To reimburse the Commodity Credit Corporation for authorized unrecovered costs through June 30, 1959 (including interest through date of recovery), as follows: (1) \$63,875,000 under the International Wheat Agreement Act of 1949, as amended (7 U.S.C. 1641-1642); (2) \$104,508,000 for commodities disposed of for emergency famine relief to friendly peoples pursuant to title II of the Act of July 10, 1954, as amended (7 U.S.C. 1703, 1721-1724); (3) \$968,016,000 for the sale of surplus agricultural commodities for foreign currencies pursuant to title I of the Act of July 10, 1954, as amended (7 U.S.C. 1701-1709); (4) \$35,000 for grain made available to the Secretary of the Interior to prevent crop damage by migratory waterfowl pursuant to the Act of July 3, 1956 (7 U.S.C. 442-446); (5) \$129,000,000 for strategic and other materials acquired by the Commodity Credit Corporation as a result of barter or exchange of agricultural commodities or products and transferred to the supplemental stockpile pursuant to Public Law 540, Eighty-fourth Congress (7 U.S.C. 1856); (6) \$1,056,500 for transfers to the appropriation "Diseases of animals and poultry" pursuant to authority contained under such head in the Department of Agriculture and Farm Credit Administration Appropriation Act, 1959; and (7) \$1,607,000 for transfers to the appropriation "Marketing research and service" pursuant to the Act of August 31, 1951 (7 U.S.C. 414a), for grading tobacco and classing cotton without charge to producers, as authorized by law (7 U.S.C. 473a, 511d).

This language provides for the reimbursement to Commodity Credit Corporation in 1960 for costs estimated to be incurred in fiscal year 1959, in lieu of similar language included in previous appropriation acts. The applicable items for costs incurred in the fiscal year 1958 will be requested in a proposed supplemental during fiscal year 1959.

GENERAL PROVISIONS

Section 401: Provides authority for the purchase, replacement, and hire of passenger motor vehicles. The following changes are proposed in this section for 1960 (new language underscored; deleted matter in brackets):

Sec. 401. Within the unit limit of cost fixed by law, appropriations and authorizations made for the Department under this Act shall be available for the purchase, in addition to those specifically provided for, of not to exceed [466] four hundred and twenty-five passenger motor vehicles of which [462] four hundred and twenty-three shall be for replacement only, and for the hire of such vehicles.

The estimates propose the acquisition of 425 passenger motor vehicles from funds provided in the Agricultural Appropriation Act. The number is exclusive of 75 for the Forest Service. Of the 425 vehicles proposed for acquisition, 423 would be acquired to replace existing vehicles and 2 would be purchased without exchange of old vehicles. These two additional vehicles are required by the Agricultural Research Service: a station wagon, for official travel at the Northern Utilization Research and Development Laboratory, Peoria, Illinois; and a bus for transportation of employees at the Plum Island, New York Animal Disease Laboratory. The vehicles proposed to be replaced will all be at least six years old or will have mileage in excess of 60,000 miles at time of disposal. However, where vehicles are involved in accidents or where automobiles are operated over very rough terrain, it may become necessary to replace a limited number in the fiscal year 1960 which will be less than six years old or will have mileage less than 60,000 miles at time of replacement. A more detailed justification for the need for acquisition of the 425 vehicles appears in the justifications for the applicable agencies.

Section 402: Provides that provisions of law prohibiting or restricting the employment of aliens shall not apply to employment under the appropriation for the Foreign Agricultural Service.

Section 403: Provides that funds available to the Department of Agriculture shall be available for uniforms or allowances therefor as authorized by the Act of September 1, 1954, as amended (5 U.S.C. 2131).

Section 404: Prohibits the Department from issuing any prediction or forecast with respect to future prices or price trends on cotton, except as to damage threatened or caused by insects or pests.

Section 405: Prohibits, with certain exceptions, the purchase of twine manufactured from commodities or materials produced outside the United States.

Section 406: Provides that not less than \$1,500,000 of the appropriations of the Department for research and service work authorized by the Acts of August 14, 1956 and July 28, 1954 (7 U.S.C. 427, 1621-1629), shall be available for contract research and service work. The following changes are proposed in this section for 1960 (new language underscored; deleted matter in brackets):

Sec. 406. Not less than \$1,500,000 of the appropriation of the Department for research and service work authorized by the Acts of August 14, 1946, [and] July 28, 1954, and September 6, 1958 (7 U.S.C. 427, 1621-1629; 72 Stat. 1793), shall be available for contracting or grants in accordance with said Acts.

The additional language would provide that the "floor" of \$1,500,000 for research contracts also would include any grants for basic research made under the Act of September 6, 1958 (P.L. 85-934). That law provides that grants may be made for basic scientific research where an agency is already authorized to enter into contracts for such research. The making of grants is usually preferable for basic research, since contracts must be rather specific in the outline of terms, objectives, etc., and are therefore more suitable for applied research. Since grants would be made for work which previously would have been conducted under contract, it is proposed that provision for such grants be included in the amount previously established for contracts.

Section 407: Prohibits the use of any funds provided in the Act for publicity or propaganda purposes to support or defeat legislation pending before the Congress.

5271